

FINANCIAL MANAGEMENT AND ACCOUNTING SYSTEM

REGIONAL TRAINING SEMINARS FOR THE AGING PROGRAM NETWORK

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CONDUCTED FOR:

ADMINISTRATION ON AGING
DEPARTMENT OF HEALTH AND HUMAN SERVICES
CONTRACT NUMBER 105-80-C-056

BIRCH & DAVIS ASSOCIATES, INC.
SILVER SPRING, MARYLAND 20910

OCTOBER 1982 - JANUARY 1983

SESSION ONE

INTRODUCTION

OVERVIEW OF THE CONTRACT

● PROJECT BACKGROUND

- STATUS OF FINANCIAL MANAGEMENT SYSTEMS IN THE AGING NETWORK
 - .. STATE UNITS ON AGING
 - .. AREA AGENCIES ON AGING
 - .. FUNDED PROVIDERS OF SERVICE
- EFFECT OF THE 1978 AMENDMENTS (E.G., THE CONSOLIDATION OF FORMER TITLES III, V, AND VII INTO THE CURRENT TITLE III) ON REPORTING REQUIREMENTS
- TYPES OF PROBLEMS AS EVIDENCED BY RECENT AUDIT EXCEPTIONS TO BE ADDRESSED BY THE FINANCIAL MANAGEMENT TECHNICAL ASSISTANCE MATERIALS TO BE DEVELOPED BY THE PROJECT

● PURPOSE OF THE PROJECT

- TO IMPROVE THE CAPACITY OF AGENCIES IN THE AGING NETWORK TO FISCALLY MANAGE FEDERAL GRANTS
- TO IMPROVE THE CAPACITY OF AGING NETWORK AGENCIES, ORGANIZATIONS, AND REGIONAL OFFICES TO ASSESS AND MONITOR FINANCIAL MANAGEMENT SYSTEMS
- TO PROVIDE ASSISTANCE TO SELECTED STATE UNITS ON AGING TO CORRECT CURRENT DEFICIENCIES IN THEIR FISCAL MANAGEMENT SYSTEMS

ORGANIZATION OF THE PROJECT

- ADMINISTRATION ON AGING
- BIRCH & DAVIS ASSOCIATES, INC.
- CENTER FOR PUBLIC MANAGEMENT
- TECHNICAL ADVISORY COMMITTEE

TECHNICAL ADVISORY COMMITTEE MEMBERS

- ANDY ALEXANDER, SUPERVISOR
FINANCIAL MANAGEMENT SPECIALIST
REGION IV, ADMINISTRATION ON AGING
101 MARIETTA TOWER, SUITE 903
ATLANTA, GA 30323
- ALBERT R. BYRD, PROJECT OFFICER
ADMINISTRATION ON AGING, DHHS
330 INDEPENDENCE AVENUE, SW, RM 1286
WASHINGTON, DC 20201
- JAMES ELMORE, DIRECTOR
JEFFERSON AREA BOARD FOR AGING
205 SECOND STREET, SW
CHARLOTTESVILLE, VA 22901
- ROBERT FICKIE
NATIONAL ASSOCIATION OF STATE UNITS
ON AGING
600 MARYLAND AVENUE, SW, RM 208W
WASHINGTON, DC 20024
- SAADIA GREENBERG
ADMINISTRATION ON AGING, DHHS
330 INDEPENDENCE AVENUE, SW, RM. 4272N
WASHINGTON, DC 20201
- MARY JANE LYMAN
WAXTER CENTER
861 PARK AVENUE
BALTIMORE, MD 21201
- RAYMOND MASTALISH, EXECUTIVE DIRECTOR
NATIONAL ASSOCIATION OF AREA AGENCIES
ON AGING, ROOM 208W
600 MARYLAND AVENUE, SW
WASHINGTON, DC 20024
- ROBERT STOVENOUR
ADMINISTRATION ON AGING, DHHS
330 INDEPENDENCE AVENUE, SW, RM 4651
WASHINGTON, DC 20201
- HARRY WALKER
OFFICE ON AGING, STATE OFFICE BUILDING
301 WEST PRESTON STREET, ROOM 1004
BALTIMORE, MD 21201

BACKGROUND OF BIRCH & DAVIS ASSOCIATES, INC.

- EXTENSIVE EXPERIENCE IN FINANCIAL MANAGEMENT, ACCOUNTING, TRAINING, AND TECHNICAL ASSISTANCE
- WORKED WITH MANY SIMILAR PROGRAMS
 - ALCOHOL TREATMENT
 - DRUG PROGRAMS
 - MIGRANT HEALTH
 - FAMILY HEALTH CENTERS
 - PSROS
 - HEALTH MAINTENANCE ORGANIZATIONS
 - FAMILY PLANNING DELIVERY SYSTEMS
 - AFDC
 - FOOD STAMPS
 - NATIONAL HEALTH SERVICE CORPORATION SITES
 - COMMUNITY MENTAL HEALTH CENTERS
 - NEIGHBORHOOD HEALTH CENTERS
 - NUTRITION PROVIDERS
- PROVIDED TRAINING AND TECHNICAL ASSISTANCE TO OVER 2,000 PROGRAMS DURING THE PAST SEVEN YEARS

OVERVIEW OF TRAINING SEMINARS

- SESSION ONE: INTRODUCTION
- SESSION TWO: STATUS OF FINANCIAL MANAGEMENT AND ACCOUNTING SYSTEMS IN THE REGION
- SESSION THREE: FINANCIAL MANAGEMENT AND ACCOUNTING SYSTEM OVERVIEW
- SESSION FOUR: PLANNING AND BUDGETING
- SESSION FIVE: UNIT COST FINDING AND COST ALLOCATION
- SESSION SIX: CONTRACTING
- SESSION SEVEN: AN OVERVIEW OF THE ACCOUNTING SYSTEM
- SESSION EIGHT: AUTOMATION
- SESSION NINE: CLIENT CONTRIBUTIONS AND DONATIONS/FUND RAISING
- SESSION TEN: IMPLEMENTATION STRATEGY

PROJECT PRODUCTS

- FINANCIAL MANAGEMENT ASSESSMENT GUIDE
- FINANCIAL MANAGEMENT AND ACCOUNTING MANUAL FOR SERVICE PROVIDERS
- FINANCIAL MANAGEMENT AND ACCOUNTING MANUAL FOR AREA AGENCIES ON AGING (AAAs)
- FINANCIAL MANAGEMENT AND ACCOUNTING TECHNICAL ASSISTANCE MANUAL FOR STATE UNITS ON AGING (SUAs)
- TRAINING SEMINARS IN EACH REGION FOR FEDERAL AND STATE OFFICIALS
- POSSIBLE LIMITED FOLLOW-UP TECHNICAL ASSISTANCE

FINANCIAL MANAGEMENT ASSESSMENT GUIDE

I.	GENERAL FINANCIAL MANAGEMENT
II.	FINANCIAL PLANNING AND BUDGETING
III.	FEDERAL FINANCING REQUIREMENTS IN AGA GRANTS
IV.	NON-FEDERAL FUNDING SOURCES
V.	PROCUREMENT OF SERVICES AND CONTRACT MANAGEMENT
VI.	COST ALLOCABILITY AND ALLOCATION
VII.	CASH RECEIPTS
VIII.	IMPROVED PETTY CASH FUND
IX.	INVENTORY CONTROL
X.	INVENTORY MANAGEMENT
XI.	CASH DISBURSEMENTS
XII.	PERSONNEL AND FRINGE BENEFITS
XIII.	ACCOUNTS PAYABLE AND OTHER LIABILITIES
XIV.	PURCHASING

SUA FINANCIAL MANAGEMENT AND ACCOUNTING MANUAL

1.	INTRODUCTION AND SCOPE OF THE MANUAL
2.	FISCAL POLICIES AND ADMINISTRATIVE STANDARD SETTING
3.	BUDGETING, FISCAL FORECASTING AND FINANCIAL TECHNICAL ASSISTANCE
4.	ESTABLISHING A UNIFORM COST ACCOUNTING STRUCTURE AND ANALYZING COSTS
5.	STATE UNIT FINANCIAL REPORTING AND ACCOUNTING
6.	AUTOMATING STATE UNIT MANUAL SYSTEMS
7.	IMPLEMENTING PERFORMANCE-BASED PAYMENT SYSTEMS
8.	FISCAL MANAGEMENT CONTROL AND OVERSIGHT
9.	AUDITS AND AUDIT REVIEWS
10.	IMPLEMENTING OR ENHANCING A STATEWIDE FINANCIAL MANAGEMENT AND ACCOUNTING SYSTEM

ORGANIZATION OF AAA AND SERVICE PROVIDER FINANCIAL MANAGEMENT AND ACCOUNTING MANUAL

PART ONE FINANCIAL MANAGEMENT	PART TWO ACCOUNTING	APPENDICES
<ul style="list-style-type: none"> • Program Planning: Setting Program Objectives And Activities • Estimating Resource Requirements • Developing And Expense Budget And Calculating The Cost Per Unit Of Service • Developing A Revenue Budget • Revising The Budget • Reporting And Monitoring • Contracting • Developing Financial Policies 	<ul style="list-style-type: none"> • Management Account Structure (Chart Of Accounts) • Maintaining Accounting Records • Developing Unit Costs And Cost Allocation • Preparing Reports • Accounting For Assets • Accounting For Liabilities • Agency Equity Fund Balances • Fund Accounting • Accounting For Travel • Accounting For Purchasing • Accounting For Payroll And Payroll Taxes • Automating The Accounting And Financial Management Functions • Preparing For Audits 	<ul style="list-style-type: none"> • Glossary • General Ledger Entries • Service And Administrative Activity Code Definitions

SESSION TWO

STATUS OF FINANCIAL MANAGEMENT AND
ACCOUNTING SYSTEMS IN THE REGION

PARTICIPANTS IDENTIFY:

- CURRENT PROBLEMS AND PREVAILING ISSUES IN
FINANCIAL MANAGEMENT AND ACCOUNTING
- TRAINING EXPECTATIONS

GROUP DISCUSSION ABOUT THE STATUS OF
SYSTEMS WITHIN THE REGION

- PLANNING AND BUDGETING
- MANAGEMENT REPORTING AND MONITORING
- ACCOUNTING TRANSACTIONS AND RECORDKEEPING
- AUTOMATION OF FINANCIAL AND ACCOUNTING SYSTEMS
- UNIFORMITY IF SYSTEMS WITHIN A STATE
- RESOURCE CONSTRAINTS AND FUTURE TECHNICAL ASSISTANCE NEEDS OF THE:
 - SUAS
 - AAAS
 - PROVIDERS

SESSION THREE

FINANCIAL MANAGEMENT AND ACCOUNTING SYSTEM OVERVIEW

TYPICAL AUDIT EXCEPTIONS

● ACCOUNTING AND RECORDKEEPING

- REPORTS BASED ON ESTIMATED RATHER THAN ACTUAL EXPENDITURES
- INADEQUATE DOCUMENTATION OF EXPENDITURES (MISSING VOUCHERS)
- LEDGERS THAT DO NOT RECONCILE WITH REPORTS
- COMINGLING OF FUNDS FROM VARIOUS FISCAL YEARS, SOURCES, AND PROGRAMS
- MATCHING AMOUNTS BASED ON ESTIMATES NOT ACTUAL EXPENDITURES
- INADEQUATE COST ALLOCATION

● MATCH

- IMPROPERLY REPORTED, NO SUPPORTING DOCUMENTATION
- FAILURE TO UNDERSTAND MATCHING REQUIREMENTS OR ALLOWABLE IN-KIND MATCH

● SERVICE INCOME

- INADEQUATE CONTROL OVER COLLECTIONS
- INADEQUATE SAFEGUARDS TO PROTECT CASH
- INADEQUATE CONTROL AND MONITORING OF USE OF INCOME
- NEED TO ENSURE THAT INELIGIBLE PARTICIPANTS PAY FULL COST OF MEAL

(CONTINUED ON NEXT PAGE)

TYPICAL AUDIT EXCEPTIONS (CONTINUED)

● OTHER PROBLEMS

- AUDITS TOO INFREQUENT (VIOLATION OF PART 74) AND EITHER INADEQUATE OR INSUFFICIENT FOLLOW-UP ON DEFICIENCIES
- UNBONDED EMPLOYEES HANDLING/CARRYING FUNDS
- IMPROPER GRANT AWARD PROCEDURES (AWARD CONTINUATION WITHOUT ANNUAL ASSESSMENTS)
- PROPERTY/EQUIPMENT MANAGEMENT:
 - OO INADEQUATE PURCHASING PROCEDURES (OR PROCEDURES NOT FOLLOWED)
 - OO INADEQUATE INVENTORY PROCEDURES/PROPERTY CONTROL
- COMMODITIES NOT ACCOUNTED FOR BY CATERERS
- IMPROPER MEAL COUNTS

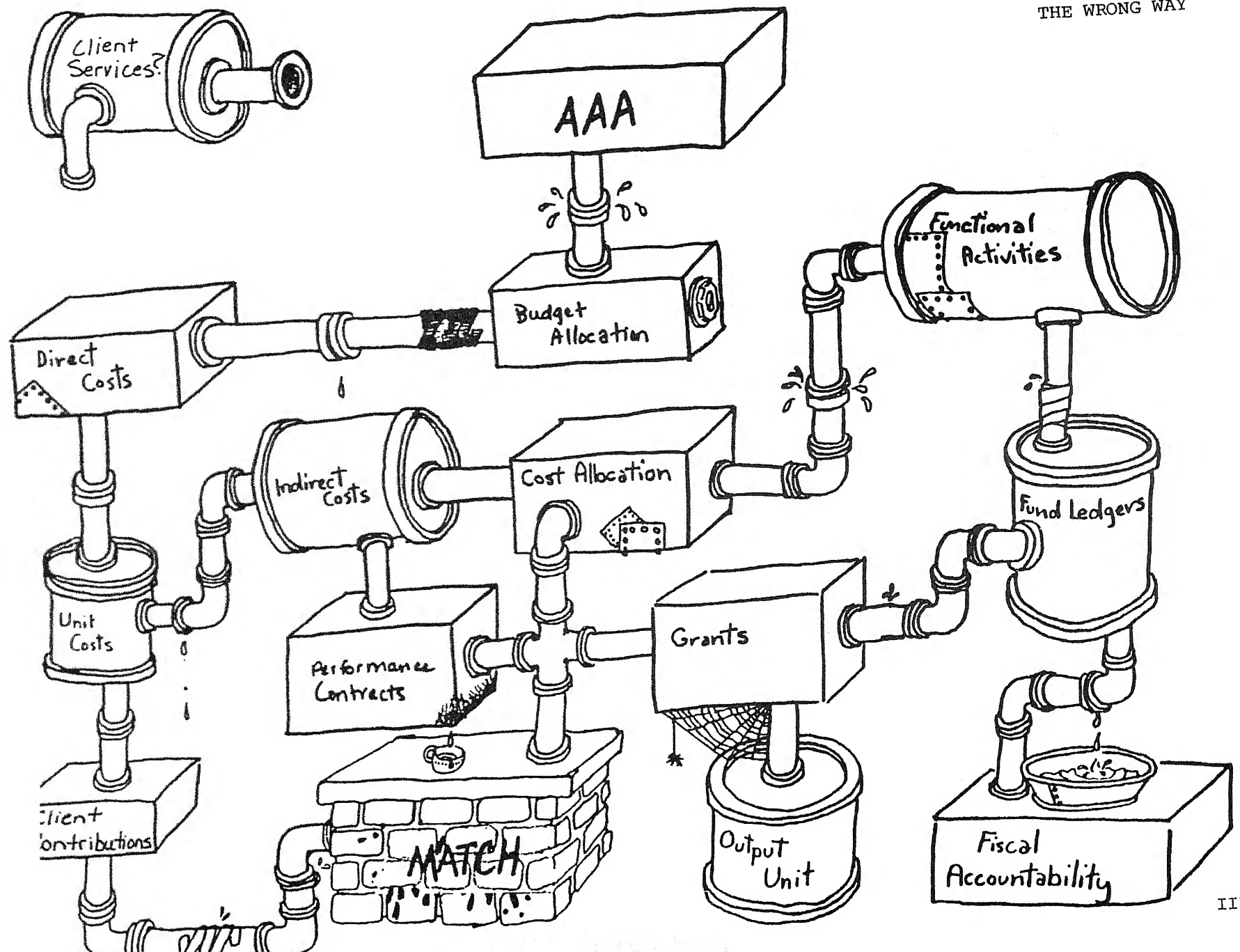
TITLE 45, CODE OF FEDERAL REGULATIONS, PART 74, SUBPART H

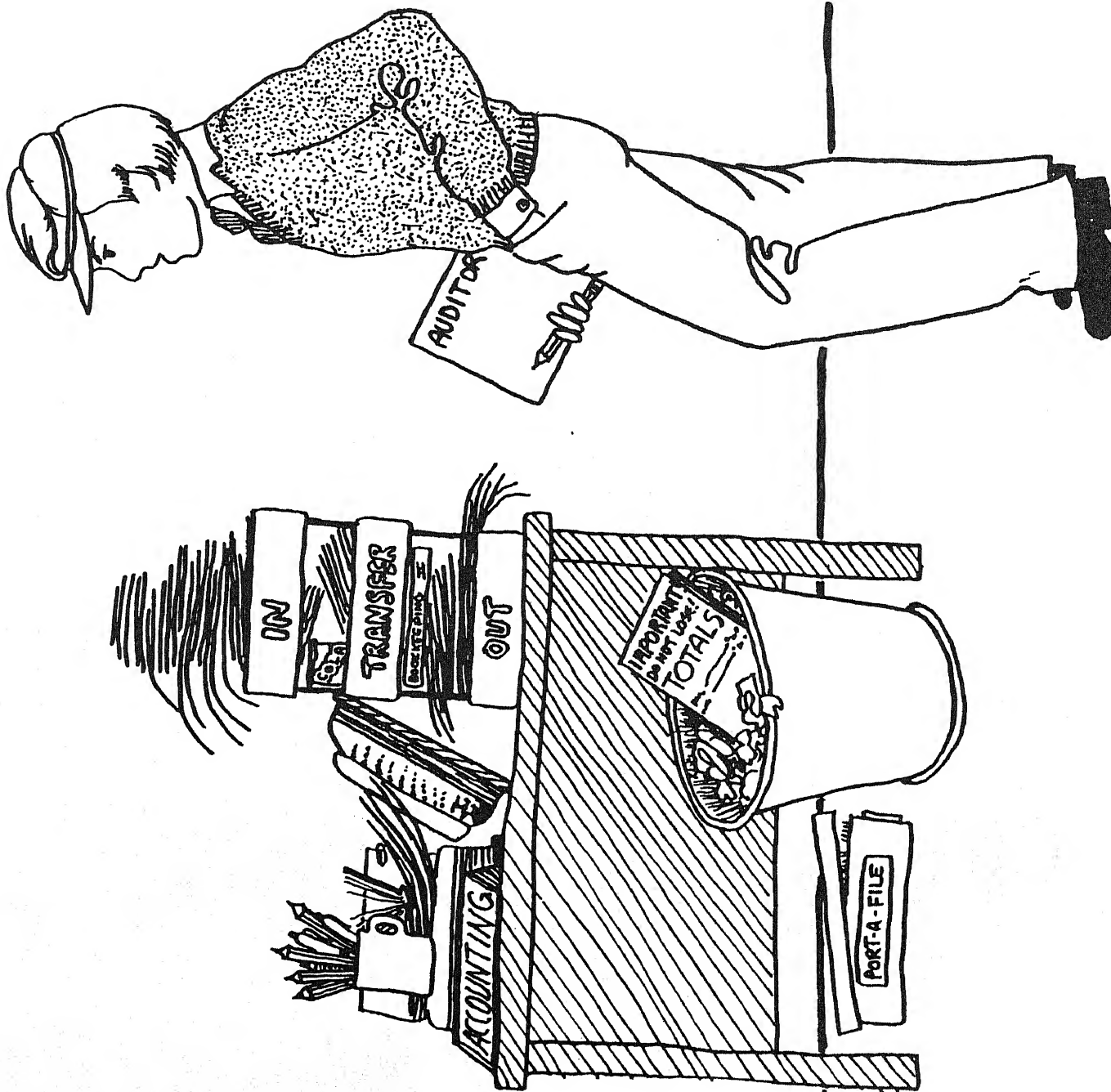
- ACCURATE, CURRENT, AND COMPLETE DISCLOSURE OF THE FINANCIAL RESULTS OF EACH PROJECT OR PROGRAM SHALL BE MADE IN ACCORDANCE WITH THE FINANCIAL REPORTING REQUIREMENTS OF THE GRANT OR SUBGRANT
- RECORDS IDENTIFYING ADEQUATELY THE SOURCE AND APPLICATION OF FUNDS FOR GRANT--OR SUBGRANT--SUPPORTED ACTIVITIES SHALL BE MAINTAINED. THESE RECORDS SHALL CONTAIN INFORMATION PERTAINING TO GRANT OR SUBGRANT AWARDS, AUTHORIZATIONS, UNOBLIGATED BALANCES, ASSETS, OUTLAYS, INCOME AND, IF THE RECIPIENT IS A GOVERNMENT AGENCY, LIABILITIES.
- EFFECTIVE CONTROLS AND ACCOUNTABILITY SHALL BE MAINTAINED FOR ALL GRANT OR SUBGRANT CASH, REAL AND PERSONAL PROPERTY, AND OTHER ASSETS.
- THE ACTUAL AND BUDGETED AMOUNTS FOR EACH GRANT OR SUBGRANT SHOULD BE COMPARED.
- PROCEDURES SHALL BE ESTABLISHED TO MINIMIZE THE TIME ELAPSING BETWEEN THE ADVANCE OF FEDERAL GRANT OR SUBGRANT FUNDS AND THEIR DISBURSEMENT BY THE RECIPIENT.
- PROCEDURES SHALL BE ESTABLISHED FOR DETERMINING THE REASONABLENESS, ALLOWABILITY, AND ALLOCABILITY OF COSTS.
- ACCOUNTING RECORDS SHALL BE SUPPORTED BY ADEQUATE SOURCE DOCUMENTATION.
- AUDITS ARE TO BE PERFORMED AT LEAST ONCE EVERY TWO YEARS WHICH ANALYZE THE THE FISCAL INTEGRITY OF THE GRANTEE WITH TIMELY AND APPROPRIATE RESOLUTION OF AUDIT FINDINGS AND RECOMMENDATIONS.

THE INFORMATION DILEMMA

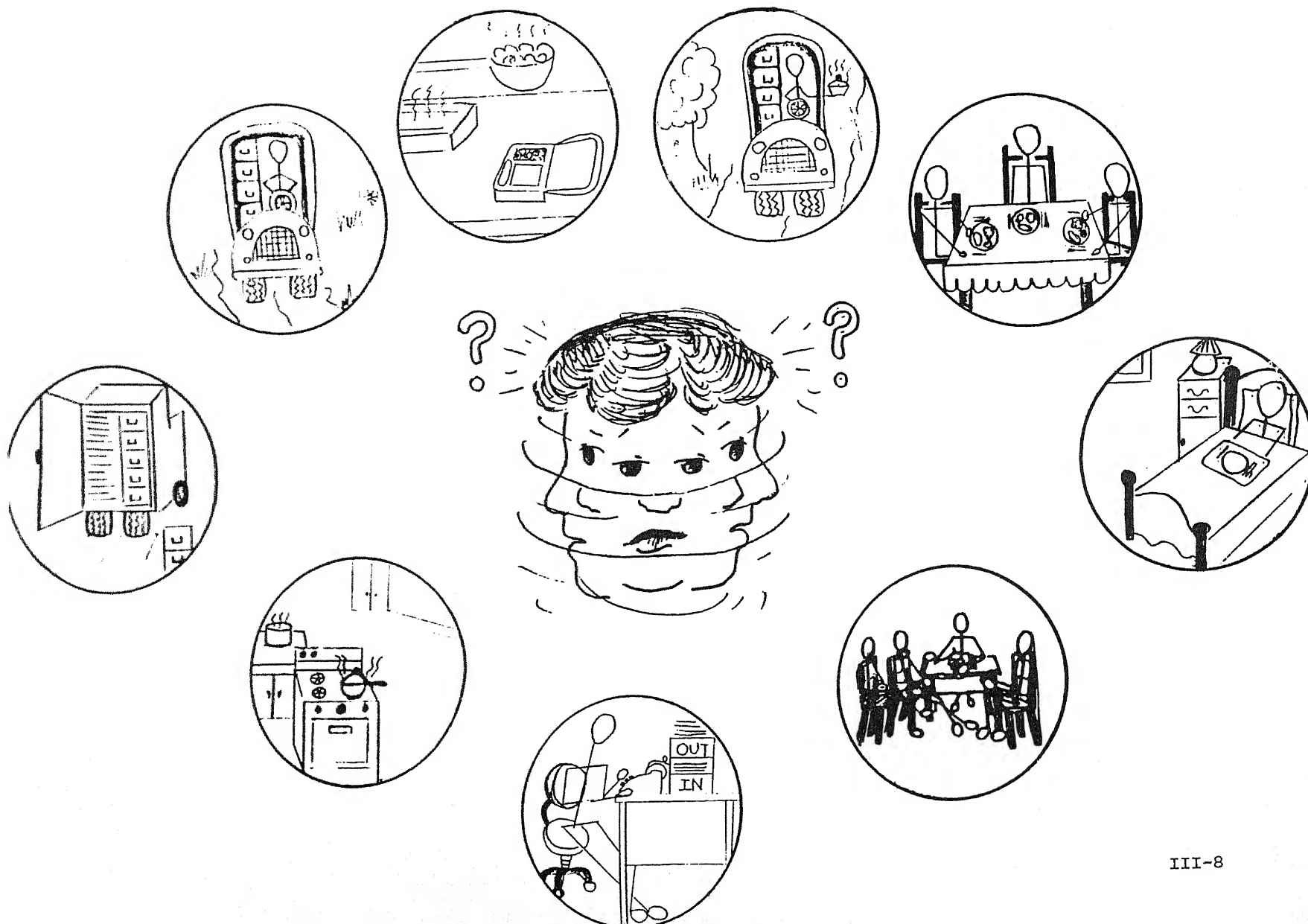
FEDERAL GOVERNMENT	STATE UNITS OF AGING
<ul style="list-style-type: none"> • How much is the total aging funding for a specific State? • What are the various sources of funding for a specific State? • What are the cumulative expenditures for a particular program in a given State? • What are the average client utilization and costs by funding title and functional cost center in a specific State? • What are the unit costs per service for a specific State? 	<ul style="list-style-type: none"> • What is the average cost of providing a particular type of service? • How much is the total funding to AAA and contract providers from all award sources? • What is the unit cost per service and how do they vary by AAA and location? • What are the aggregate (State total) costs for services under each title and cost center? • How many clients received services, by cost center and service type? • How much income was realized during the current reporting period?
AREA AGENCIES ON AGING	CONTRACT PROVIDERS AND SUBGRANTEES
<ul style="list-style-type: none"> • What were the total expenditures by cost center, location, and resource account category for a particular month? • How much income was received this month, by source? • How many clients received services by cost center, location, and service type? • What is the unit cost per service? • Is one service delivery approach more cost efficient than another? • What percentage of budget funds have already been spent, by line item? 	<ul style="list-style-type: none"> • How do costs per unit of service client compare with those of similar providers? • What is the total income from all sources for the current reporting period? • What percentage of budgeted funds have already been spent, by line item?

THE WRONG WAY





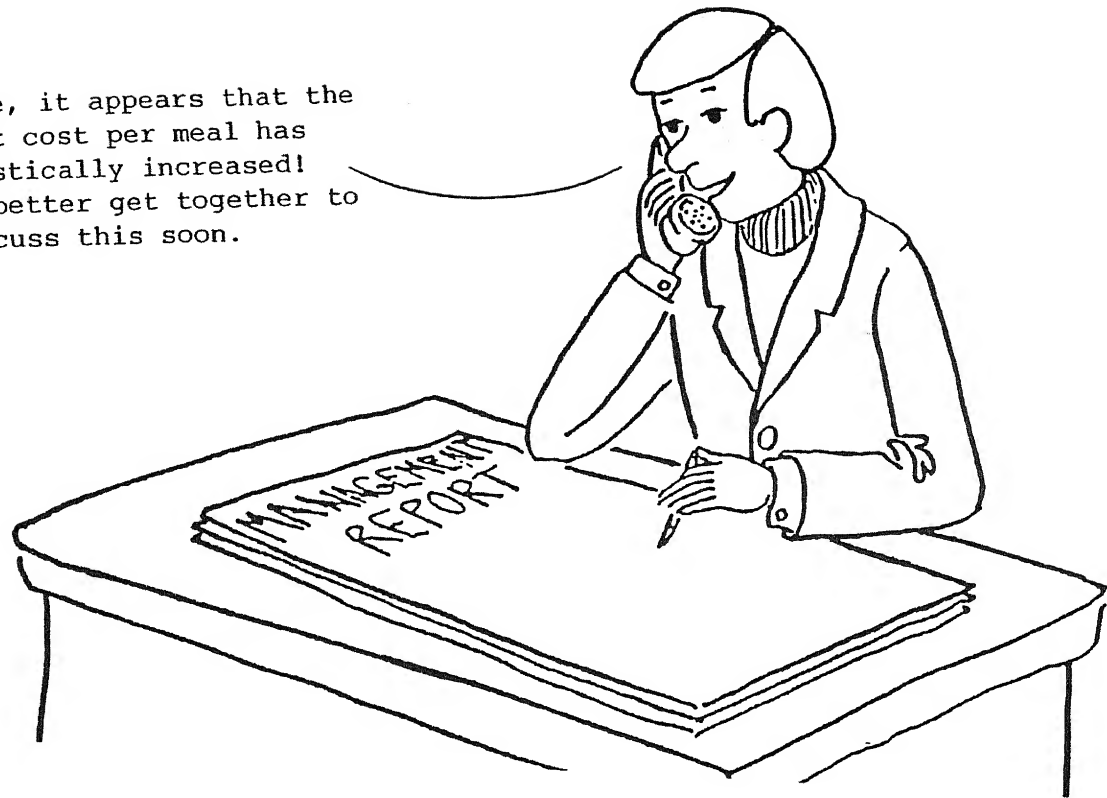
"How can any one manage their business with records like this?"



SEVEN BASIC MANAGEMENT QUESTIONS

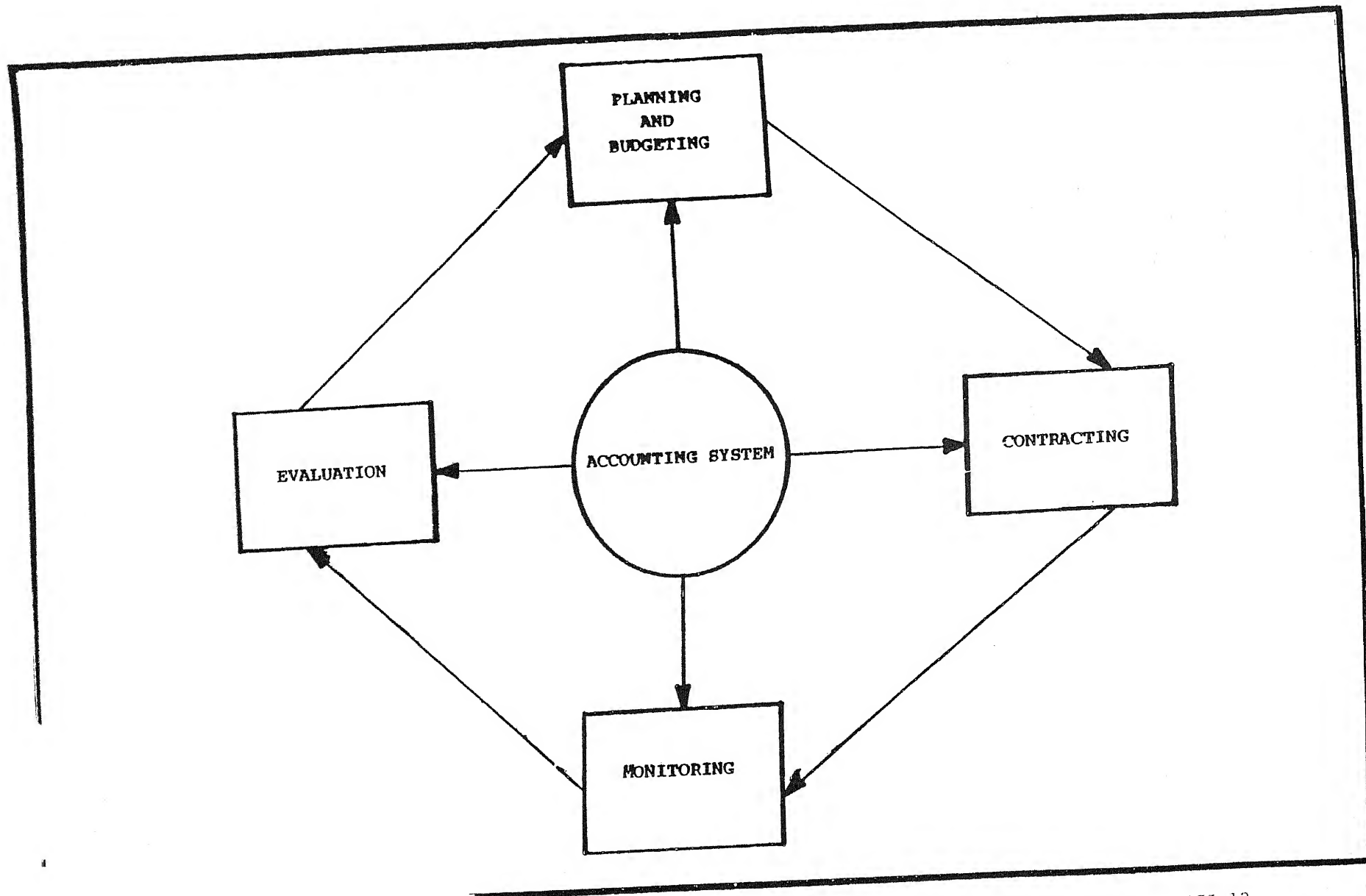
- WHO?
- PROVIDED WHAT?
- TO WHOM?
- WHEN?
- WHERE?
- WHAT HAPPENED?
- HOW MUCH DID IT COST/EARN?

Jane, it appears that the
unit cost per meal has
drastically increased!
We better get together to
discuss this soon.

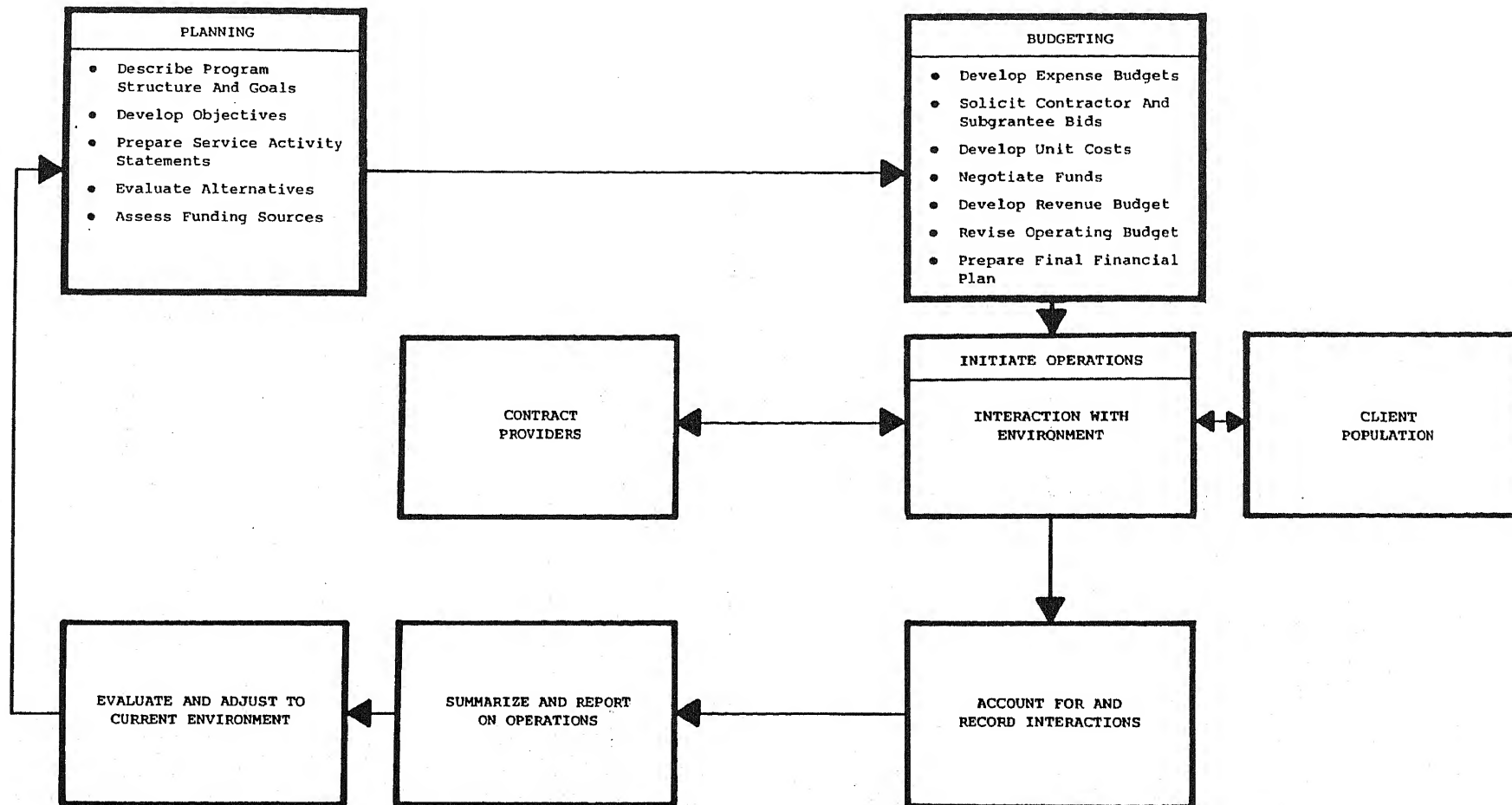


WHAT SHOULD THE KEY
FEATURES OF AN FMAS INCLUDE?

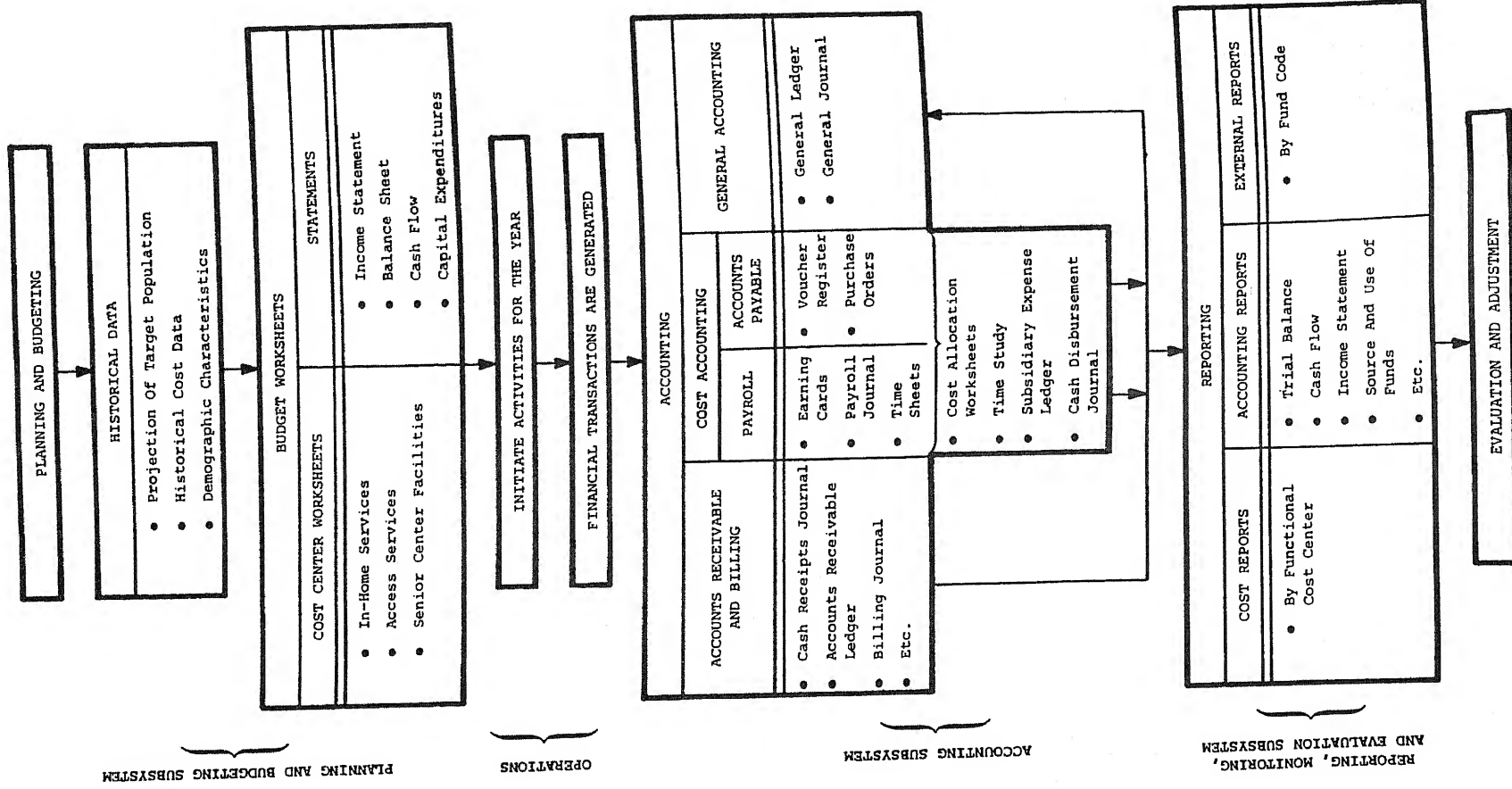
- USER ORIENTATION--THE SYSTEM SHOULD BE DESIGNED TO PROVIDE INFORMATION WITH PRIMARY EMPHASIS ON INTERNAL MANAGEMENT. EXTERNAL FINANCIAL REPORTING SHOULD BE A BY-PRODUCT OF THE PROCESS.
- SYSTEMS FLEXIBILITY--THE SYSTEM SHOULD BE EASILY MODIFIED FOR CHANGING INFORMATION REQUIREMENTS. THE DESIGN SHOULD BE ADAPTABLE TO BOTH MANUAL AND AUTOMATED PROCESSING.
- SYSTEMS INTEGRATION--THE FMAS SHOULD SUPPORT ALL FACETS OF THE MANAGEMENT CYCLE--PLANNING, BUDGETING, ACCOUNTING, REPORTING, AND EVALUATION.
- SYSTEMS DOCUMENTATION--THE SYSTEM'S DOCUMENTATION SHOULD BE COMPLETE. ALL PROCESSES SHOULD BE DESCRIBED BOTH CONCEPTUALLY AND OPERATIONALLY.
- SYSTEMS COMPATABILITY--THE SYSTEMS SHOULD BE EASY TO IMPLEMENT AND MAINTAIN. PROCESSES AND PROCEDURES SHOULD BE GEARED TO THE SPECIFIC OPERATING ENVIRONMENT AND THE PERSONNEL INVOLVED IN ITS OPERATIONS.



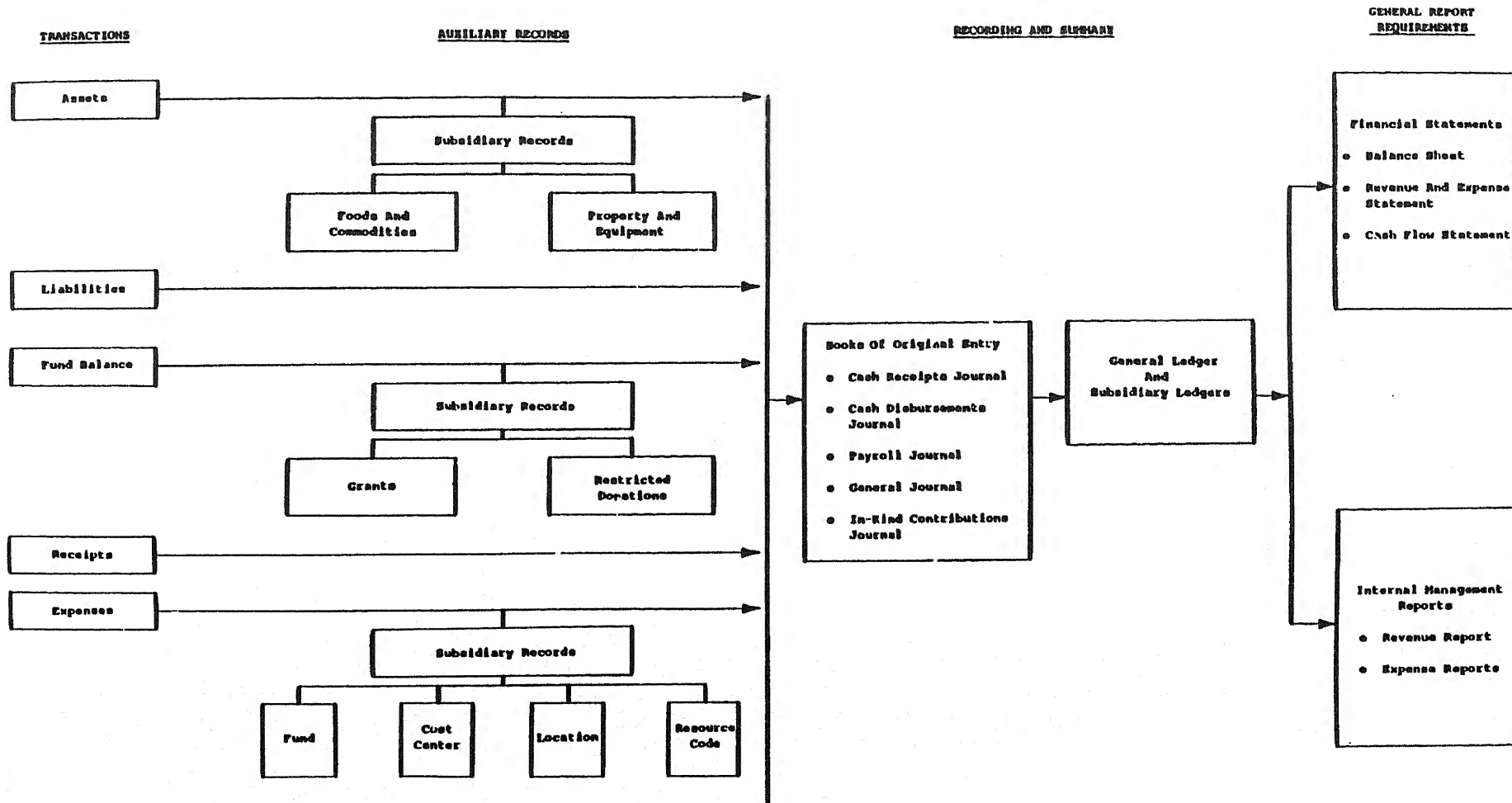
THE AAA MANAGEMENT CYCLE



OVERVIEW OF THE AAA FINANCIAL MANAGEMENT AND ACCOUNTING SYSTEM



OVERVIEW OF ACCOUNTING SYSTEM



Adapted From Tierney, Cornelius E., "Federal Grants-in-Aid: Accounting And Auditing Practices," American Institute Of Certified Public Accountants, New York, New York, 1977, p. 65.

SAMPLE EXPENSE VARIANCE REPORT

EXPENSE VARIANCE REPORT						DATE: _____, 19__ to _____, 19__	
<input type="checkbox"/> Service Activity: _____ <input type="checkbox"/> Consolidated Provider Level: _____ <input type="checkbox"/> Provider Administrative And Direct Service Locations: _____ <input type="checkbox"/> Funding Title Level: _____ <input type="checkbox"/> Functional Cost Center Level: _____ <input type="checkbox"/> Location Level: _____							
GENERAL LEDGER CODE	EXPENDITURE CATEGORY	CASH EXPENSES (1)	ADJUSTMENTS (2)	ACCRUED EXPENSES (3)	BUDGETED EXPENSES (4)	VARIANCE	
						\$\$	%
600	Personnel						
620	Employee Benefits And Related Expenses						
630	Printing And Supplies						
640	Food Purchases						
650	Occupancy Costs						
660	Travel						
670	Depreciation/Use Allowance And Amortization						
680	Other Expenditures						
690	Subcontracts And Subgrants						
700	Capital Expenditures (Grant Funds Only)						
TOTAL:							

** A FAVORABLE EXPENSE VARIANCE EXISTS BECAUSE LESS HAS BEEN SPENT THAN WAS BUDGETED. THIS REPORT MUST BE PREPARED ON THE ACCRUAL BASIS TO PROVIDE USEFUL AND VALID INFORMATION **

SAMPLE PROGRAM STRUCTURE (TITLE III ONLY)

Role of Program Structure
in Accounting
and Financial Management

Actual financial data on
consolidated basis

Actual financial data
aggregated to funding title
level by MAS fund code

Actual financial data
coded to reflect func-
tional cost center

Actual financial data collected by
MAS location code to distinguish
among services provided by various
AAA direct service sites and by sub-
grantees and contractors

Actual financial data coded
to identify service activity level

Role of Program Structure
in Planning and Budgeting

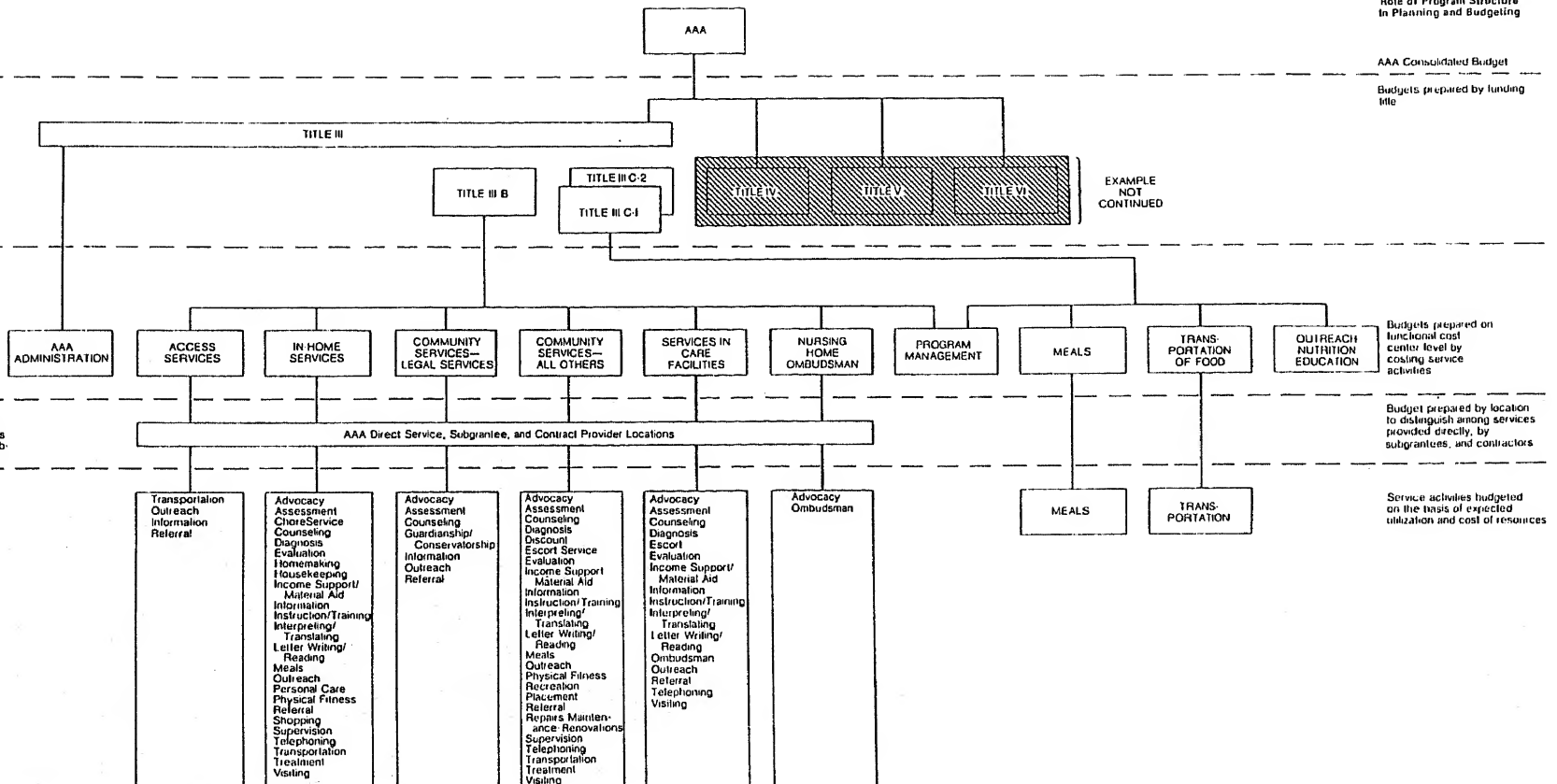
AAA Consolidated Budget

Budgets prepared by funding
title

Budgets prepared on
functional cost
center level by
costing service
activities

Budget prepared by location
to distinguish among services
provided directly by
subgrantees and contractors

Service activities budgeted
on the basis of expected
utilization and cost of resources



ANALYTIC HIERARCHY

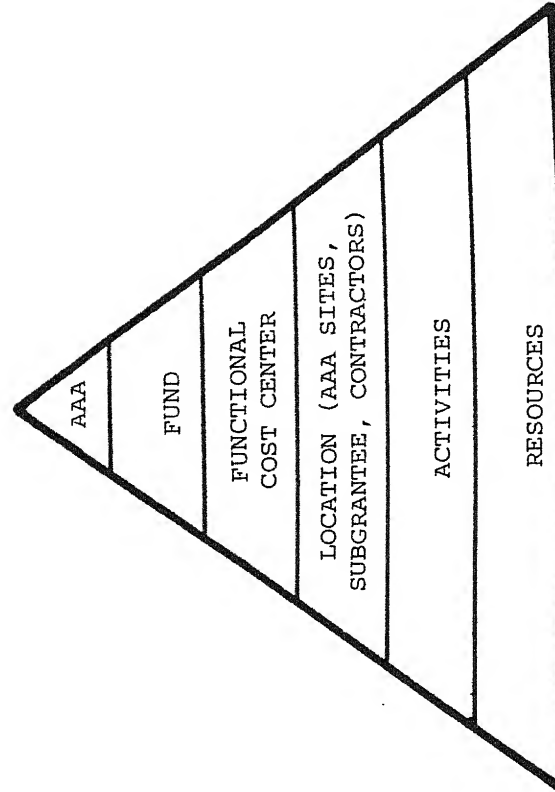


ILLUSTRATION OF REVENUE VARIANCE ANALYSIS AT DIFFERENT LEVELS

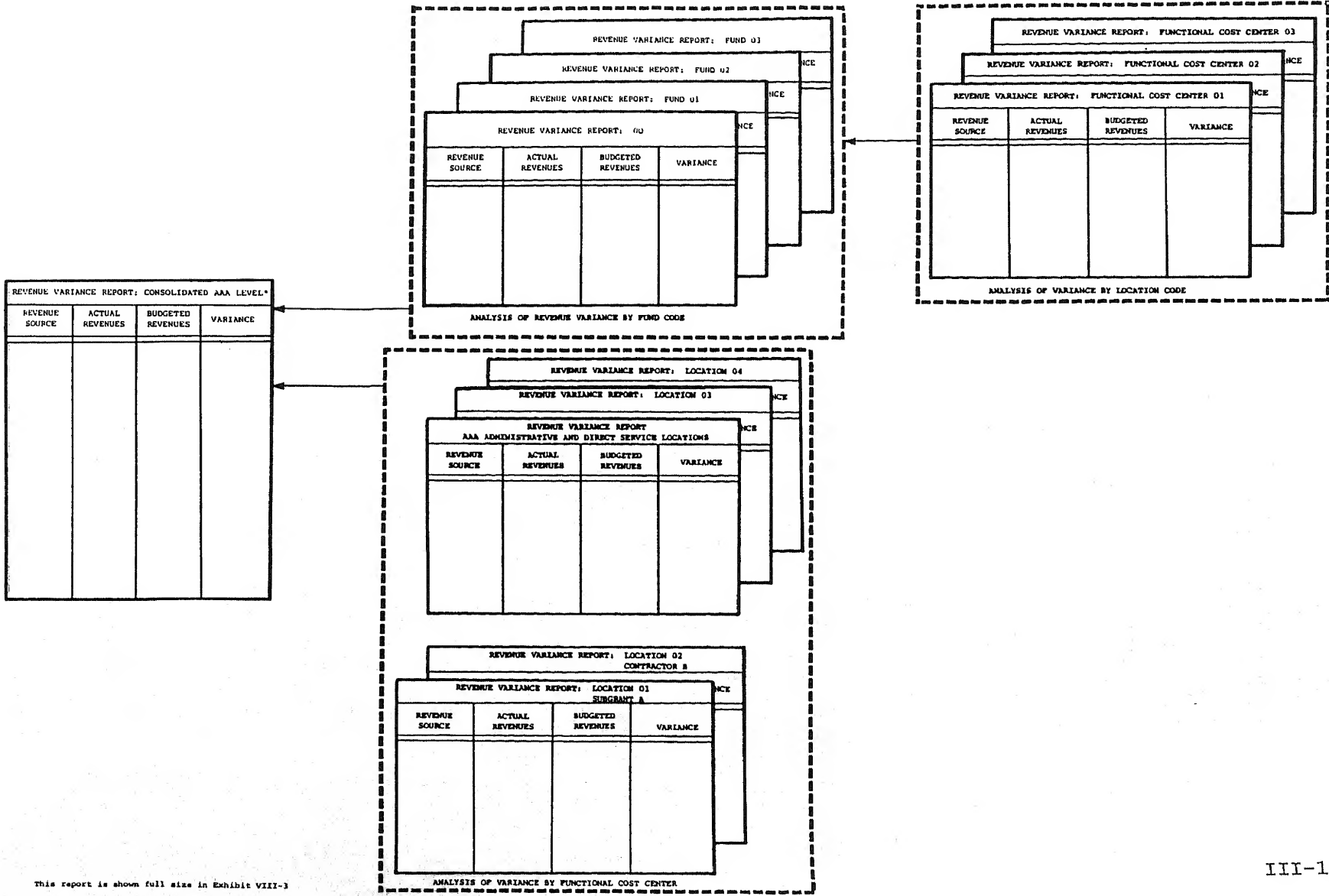


ILLUSTRATION OF EXPENSE VARIANCE ANALYSIS AT DIFFERENT LEVELS

EXPENSE VARIANCE REPORT: FUND 04

EXPENSE VARIANCE REPORT: FUND 03

EXPENSE VARIANCE REPORT: FUND 02

EXPENSE VARIANCE REPORT: FUND 01

FUNCTIONAL REPORT CODE	EXPENSES	CUM EXPENSES (II)	ALLOTMENTS (I)	ACTUAL EXPENSES (II)	DIFFERENCE (III)	PERCENTAGE (IV)	VARIANCE (V)
000	Personnel						
010	Employee Benefits and Related Expenses						
020	Printing and Supplies						
030	Fuel Purchases						
040	Emergency Funds						
050	Travel						
060	Depreciation/Use Allowance and Amortization						
070	Other Expenditures						
080	Subcontracts and Subgrants						
090	Capital Expenditures (Must Fund Only)						

ANALYSIS OF EXPENSE VARIANCE BY FUND CODE

EXPENSE VARIANCE REPORT: FUNCTIONAL COST CENTER 03

EXPENSE VARIANCE REPORT: FUNCTIONAL COST CENTER 02

EXPENSE VARIANCE REPORT: FUNCTIONAL COST CENTER 01

FUNCTIONAL REPORT CODE	EXPENSES	CUM EXPENSES (II)	ALLOTMENTS (I)	ACTUAL EXPENSES (II)	DIFFERENCE (III)	PERCENTAGE (IV)	VARIANCE (V)
000	Personnel						
010	Employee Benefits and Related Expenses						
020	Printing and Supplies						
030	Fuel Purchases						
040	Emergency Funds						
050	Travel						
060	Depreciation/Use Allowance and Amortization						
070	Other Expenditures						
080	Subcontracts and Subgrants						
090	Capital Expenditures (Must Fund Only)						

ANALYSIS OF EXPENSE VARIANCE BY FUNCTIONAL COST CENTER

EXPENSE VARIANCE REPORT: SERVICE ACTIVITY 03

EXPENSE VARIANCE REPORT: SERVICE ACTIVITY 02

EXPENSE VARIANCE REPORT: SERVICE ACTIVITY 01

FUNCTIONAL REPORT CODE	EXPENSES	CUM EXPENSES (II)	ALLOTMENTS (I)	ACTUAL EXPENSES (II)	DIFFERENCE (III)	PERCENTAGE (IV)	VARIANCE (V)
000	Personnel						
010	Employee Benefits and Related Expenses						
020	Printing and Supplies						
030	Fuel Purchases						
040	Emergency Funds						
050	Travel						
060	Depreciation/Use Allowance and Amortization						
070	Other Expenditures						
080	Subcontracts and Subgrants						
090	Capital Expenditures (Must Fund Only)						

ANALYSIS OF EXPENSE VARIANCE BY UNIT COST

EXPENSE VARIANCE REPORT: CONSOLIDATED AAA LEVEL

PERSONNEL CATEGORY	ACTUAL EXPENSES	BUDGETED EXPENSES	VARIANCE

EXPENSE VARIANCE REPORT: LOCATION 04

EXPENSE VARIANCE REPORT: LOCATION 03

EXPENSE VARIANCE REPORT: AAA ADMINISTRATIVE AND DIRECT SERVICE LOCATIONS

FUNCTIONAL REPORT CODE	EXPENSES	CUM EXPENSES (II)	ALLOTMENTS (I)	ACTUAL EXPENSES (II)	DIFFERENCE (III)	PERCENTAGE (IV)	VARIANCE (V)
000	Personnel						
010	Employee Benefits and Related Expenses						
020	Printing and Supplies						
030	Fuel Purchases						
040	Emergency Funds						
050	Travel						
060	Depreciation/Use Allowance and Amortization						
070	Other Expenditures						
080	Subcontracts and Subgrants						
090	Capital Expenditures (Must Fund Only)						

EXPENSE VARIANCE REPORT: LOCATION 02

EXPENSE VARIANCE REPORT: LOCATION 01

EXPENSE VARIANCE REPORT: BUDGETARY A

FUNCTIONAL REPORT CODE	EXPENSES	CUM EXPENSES (II)	ALLOTMENTS (I)	ACTUAL EXPENSES (II)	DIFFERENCE (III)	PERCENTAGE (IV)	VARIANCE (V)
000	Personnel						
010	Employee Benefits and Related Expenses						
020	Printing and Supplies						
030	Fuel Purchases						
040	Emergency Funds						
050	Travel						
060	Depreciation/Use Allowance and Amortization						
070	Other Expenditures						
080	Subcontracts and Subgrants						
090	Capital Expenditures (Must Fund Only)						

ANALYSIS OF EXPENSE VARIANCE BY LOCATION CODE

SESSION FOUR

PLANNING AND BUDGETING

WHAT IS PLANNING?

- PLANNING IS AN ACTIVE MANAGEMENT PROCESS TO INFLUENCE AND SHAPE THE FUTURE
- PLANNING IS A DECISION-MAKING TOOL INVOLVING A SYSTEMATIC PROCESS OF APPRAISAL, FORECASTING, FORMULATION, IMPLEMENTATION, AND ASSESSMENT
- PLANNING IS AN ONGOING AND CYCLICAL PROCESS
- PLANNING MAY BE CONDUCTED TO INFLUENCE:
 - PROGRAM--PROGRAM PLANNING
 - FINANCES--FINANCIAL PLANNING AND BUDGETING

HOW DO WE PLAN?

- DETERMINE NEEDS
- ASSESS RESOURCES
- ESTABLISH DESIRED OUTCOMES
- DEVELOP ACTION STRATEGIES
- IMPLEMENT
- MONITOR
- MODIFY, IF APPROPRIATE
- EVALUATE

THUS, PLANNING DEALS WITH
ALL TIME HORIZONS

- PAST
- PRESENT
- FUTURE

WHY DO WE PLAN?

- MAXIMIZE LIMITED RESOURCES
- ESTABLISH PRIORITIES ON A RATIONAL BASIS
- MINIMIZE UNNECESSARY AND DUPLICATIVE EFFORTS
- PROVIDE A FRAMEWORK FOR IMPLEMENTATION
- GENERATE COMMUNITY SUPPORT AND BUILD CONSTITUENCIES
- ESTABLISH A BASIS FOR MONITORING AND FOR TAKING CORRECTIVE ACTION, BEFORE A CRISIS STAGE
- PROMOTE ACCOUNTABILITY
- ASSURE PROGRAM CONTINUITY AND FINANCIAL STABILITY IN LIGHT OF ORGANIZATIONAL CHANGES

LIMITATIONS OF PLANNING

- YOU CAN NOT PROVIDE WHAT YOU DO NOT HAVE
- IT IS NOT A PANACEA FOR ALL OPERATIONAL PROBLEMS
- YOU CAN NOT CONTROL THE UNKNOWN
- IT TAKES RESOURCES TO PLAN
- IT INVITES PUBLIC SCRUTINY WHICH MAY RESULT IN CRITICISM
- PLANNING MUST MEET THE DEMANDS AND SCHEDULES OF THE DECISION-MAKING PROCESS

THERE ARE DIFFERENT LEVELS OF PLANNING

- POLICY PLANNING IS ARTICULATING THE OVERALL FUTURE DIRECTION
 - WHAT IS TO BE ACCOMPLISHED AND ACHIEVED
 - ORGANIZATIONAL PRIORITIES IN LIGHT OF COMMUNITY NEEDS
 - STATED IN TERMS OF GOALS, OBJECTIVES, AND AGENCY POLICY
- STRATEGIC PLANNING SERVES AS THE BLUEPRINT FOR THE FUTURE ACTION
 - WHAT IS TO BE DONE
 - WHEN IS IT TO BE DONE
 - WHAT WILL IT TAKE TO DO IT
 - HOW IS IT TO BE DONE
 - WHO IS TO DO IT
- BUDGETING TRANSLATES PROGRAM PLANS INTO A FINANCIAL PLAN
 - EXPENSES
 - REVENUES
 - CASH FLOW

A PROGRAM STRUCTURE IS AN ESSENTIAL REQUISITE FOR
EFFECTIVE PLANNING AND BUDGETING

- HIERARCHIAL DESCRIPTION (TAXONOMY) OF PROGRAM OUTPUT, SERVICES AND ACTIVITIES
- EACH ORGANIZATION IN THE AGING SERVICE DELIVERY NETWORK SHOULD DEVELOP A PROGRAM STRUCTURE AS PART OF THE PLANNING AND BUDGETING PROCESS

SAMPLE PROGRAM STRUCTURE (TITLE III ONLY)

Role of Program Structure
in Accounting
and Financial Management

Actual financial data on
consolidated basis

Actual financial data
aggregated to funding title
level by MAS fund code

Actual financial data
coded to reflect func-
tional cost center

Actual financial data collected by
MAS location code to distinguish
among services provided by various
AAA direct service sites and by sub-
grantees and contractors

Actual financial data coded
to identify service activity level

Role of Program Structure
in Planning and Budgeting

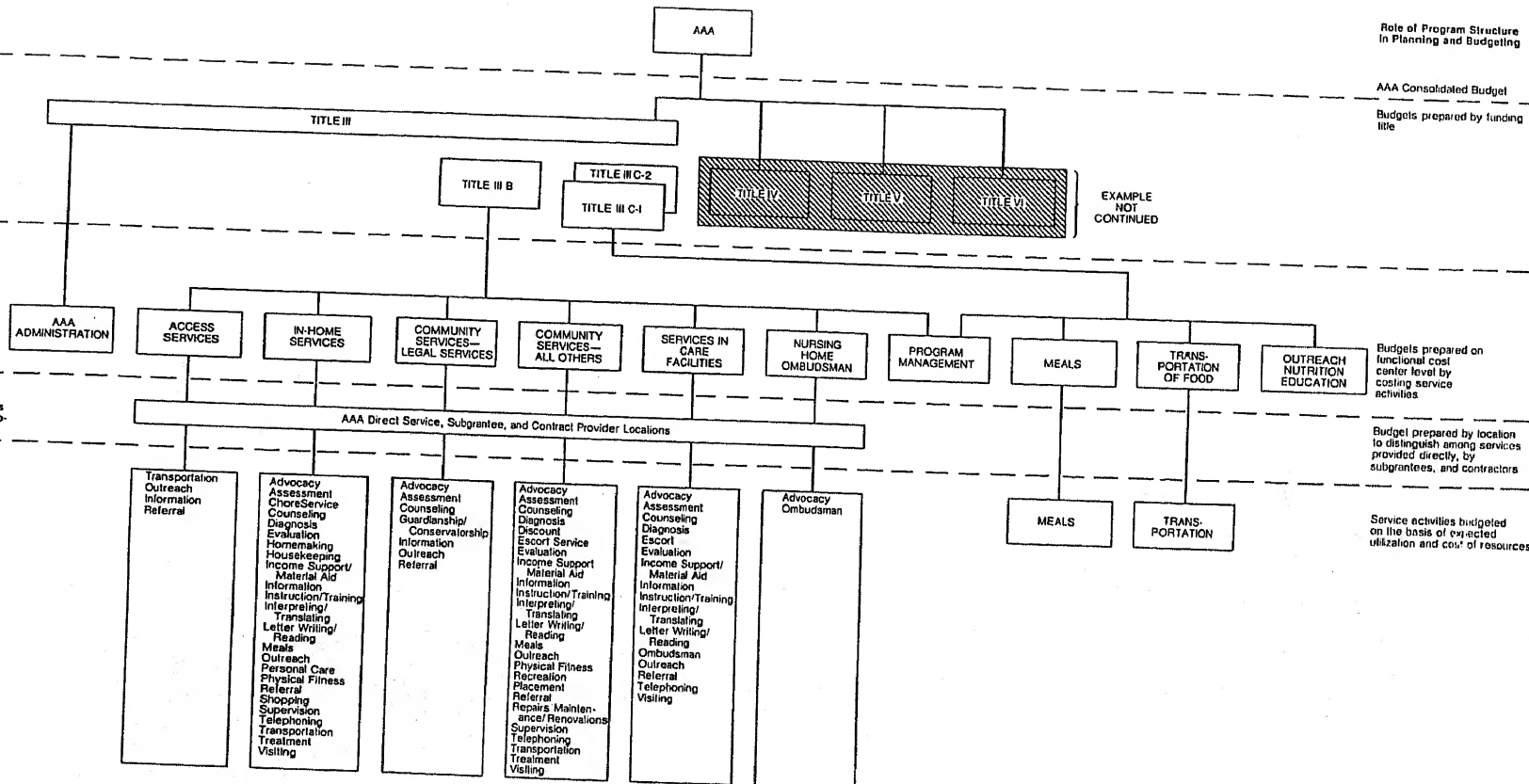
AAA Consolidated Budget

Budgets prepared by funding
title

Budgets prepared on
functional cost
center level by
costing service
activities

Budget prepared by location
to distinguish among services
provided directly, by
subgrantees, and contractors

Service activities budgeted
on the basis of expected
utilization and cost of resources



WITHIN EACH FUNCTIONAL COST CENTER
FOR EACH TITLE, THE AGENCY SHOULD SPECIFY:

- GOAL
- OBJECTIVE
- TYPE OF SERVICE
- TARGET POPULATION

WORKSHEET FOR DEFINING THE
PROGRAM STRUCTURE

WORKSHEET FOR DEFINING THE PROGRAM STRUCTURE	
Planning Period:	_____
Funding Title:	_____
Functional Cost Center:	_____
GOAL:	
OBJECTIVE:	
SERVICE DELIVERY STRATEGY:	
TYPES OF SERVICE ACTIVITIES:	
TARGET GROUP:	

DEVELOP SPECIFIC ACTIVITY
STATEMENTS FOR EACH
FUNCTIONAL COST CENTER (FCC)

- SERVICE DELIVERY ACTIVITIES
 - QUANTIFY OBJECTIVE FOR THE FCC
 - QUANTIFY THE NUMBER OF CLIENTS AND THE NUMBER OF TIMES A SPECIFIC SERVICE WILL BE PROVIDED
 - IDENTIFY THE APPROACH TO SERVICE DELIVERY (E.G., PERCENTAGE OF CLIENTS SERVED)
- ADMINISTRATIVE AND MANAGEMENT ACTIVITIES
 - WHAT
 - WHO
 - WHERE
 - WHEN

WORKSHEET FOR DEVELOPING
SERVICE ACTIVITY STATEMENTS

WORKSHEET FOR DEVELOPING SERVICE ACTIVITY STATEMENTS		WORKSHEET # :
FUNDING TITLE: <u>Title III S</u>		PLANNING PERIOD: <u>October 1, 1982 through September 30, 1983</u>
FUNCTIONAL COST CENTER: <u>In-home services</u>		LOCATION: <u></u>
OBJECTIVE: To provide <u>in-home</u> services to <u>1000</u> clients in accordance with <u>Title III S</u>		
SERVICE ACTIVITY STATEMENTS		SERVICE DELIVERY APPROACH
		PERCENT DIRECT
		PERCENT CONTRACT
1. To provide <u>shifting services</u> to <u>100</u> clients <u>1</u> times per <u>week</u>		
2. To provide <u>day services</u> to <u>350</u> clients <u>2</u> times per <u>week</u>		
3. To provide <u></u> to <u></u> clients <u></u> times per <u></u>		
4. To provide <u></u> to <u></u> clients <u></u> times per <u></u>		
5. To provide <u></u> to <u></u> clients <u></u> times per <u></u>		

WORKSHEET FOR DEVELOPING ADMINISTRATIVE
AND MANAGEMENT ACTIVITY STATEMENTS

WORKSHEET FOR DEVELOPING ADMINISTRATIVE AND MANAGEMENT ACTIVITY STATEMENTS		WORKSHEET #:
FUNDING TITLE:	PLANNING PERIOD:	
FUNCTIONAL COST CENTER:	LOCATION:	
OBJECTIVE:		
Activity 1:		
What:		
Who:		
When:		
Where:		
Activity 2:		
What:		
Who:		
When:		
Where:		
Activity 3:		
What:		
Who:		
When:		
Where:		

ESTIMATE RESOURCE REQUIREMENTS

- ESTIMATE SERVICE UTILIZATION FOR EACH SERVICE ACTIVITY STATEMENT
- DETERMINE SERVICE PERSONNEL RESOURCE REQUIREMENTS
- DETERMINE ADMINISTRATIVE AND MANAGEMENT PERSONNEL REQUIREMENTS
- ESTIMATE NON-PERSONNEL RESOURCE REQUIREMENTS
 - VARIABLE
 - FIXED
 - INCREMENTAL

WORKSHEET FOR ESTIMATING DIRECT SERVICE DELIVERY PERSONNEL REQUIREMENTS

DR ESTIMATING DIRECT SERVICE DELIVERY PERSONNEL REQUIREMENTS				WORKSHEET #:
LE: PLANNING PERIOD:				
COST CENTER: LOCATION:				
ACTIVITY	To provide	to	clients	times per
EVENT				
SERVICE UTILIZATION				
Frequency Of Service Unit Per Client Per Time Unit			Services/Client/	*
Baseline Per Time Unit			Clients/	*
Total Number Of Service Units Per Time Unit (Row 1 x 2 = 3)			Service Units/	*
4. Number Of Time Units Per Planning Period			* / **	
5. Total Service Units Per Planning Period (Row 3 x 4 = 5)			Service Units/	**
RESOURCE REQUIREMENTS (Complete items 6-11 for each staff position)				
6. Personnel Type Involved In Activity:			Minutes/Service Unit	
7. Minutes Required To Perform Each Service Unit			Service Units/	
9. Service Units Per Planning Period For Personnel Type ***			Per Planning Period	
9. Total Time Required To Perform Service (Row 7 x 8 = 9)			Minutes Required	
10. Service Delivery Minutes Per Planning Period ***			Service/Delivery Minutes/	
11. Total Full Time Equivalents Required (Row 9 Divided By Row 10)			FTE	
6. Personnel Type Involved In Activity:			Full Time Equivalents	
7. Minutes Required To Perform Each Service Unit			Minutes/Service Unit	
8. Service Units Per Planning Period Type ***			Service Units/	
9. Total Time Required To Perform Service (Row 7 x 8 = 9)			Planning Period	
10. Service Delivery Minutes Per Planning Period****			Minutes Required	
11. Total Full Time Equivalents Required (Row 9 Divided By Row 10)			Service/Delivery Minutes/	
			FTE	
			Full Time Equivalents	

* All time units should be expressed in the same terms (e.g., weeks, months, days)
 ** All planning periods should be expressed in the same terms (e.g., weeks, months, days)
 *** Proportion of units in rows for which this personnel will be involved may be estimated prospectively or calculated from the time study data presented in Chapter XIV; Unit Cost Finding and Cost Allocation.
 **** This data may be obtained from the WORKSHEET FOR CALCULATING SERVICE DELIVERY TIME PER PLANNING PERIOD, BY PERSONNEL TYPE on an estimated prospective basis or obtained from the time study results in Chapter XIV

ILLUSTRATION USING THE WORKSHEET FOR ESTIMATING DIRECT SERVICE DELIVERY PERSONNEL REQUIREMENTS

WORKSHEET FOR ESTIMATING DIRECT SERVICE DELIVERY PERSONNEL REQUIREMENTS				WORKSHEET #:
FUNDING TITLE:		PLANNING PERIOD:		
FUNCTIONAL COST CENTER:		LOCATION:		
SERVICE ACTIVITY STATEMENT				
To provide <u>in-home</u> to <u>200</u> clients <u>1</u> times per <u>week</u> .				
1. Frequency Of Service Unit Per Client Per Time Unit				Services/Client/ <u>week</u> *
2. Caseload Per Time Unit				Clients/ <u>week</u> *
3. Total Number Of Service Units Per Time Unit (Item 1 x 2 = 3)				Service Units/ <u>week</u> *
4. Number Of Time Units Per Planning Period				<u>weeks</u> * 1 year **
5. Total Service Units Per Planning Period (Item 3 x 4 = 5)				Service Units/ <u>year</u> **
RESOURCE REQUIREMENTS (Complete Items 6-11 For Each Position)				
6. Personnel Position Inventory				
7. Minutes Required				
8. Item 5 From				ice Unit
9. Total				
10.				

[illegible]

1. In column 1, enter the staff positions and resource cost for all service delivery positions in the cost center.
2. In column 2, enter the total number of minutes per full time equivalent for the planning period. For example, if you plan on a quarterly basis, the calculations would be:

60 minutes/hour x 40 hour/week x 12 weeks/quarter = 28,000 total minutes per quarter
3. In column 3, enter the average number of minutes allowed per planning period for non-service delivery tasks, such as completing travel vouchers, participating in training, and attending staff meetings. This amount can be determined through a study of actual historical experience or an acceptable level can be decided as administration policy.
4. In column 4, enter the amount of leave time (sick and vacation) that accrues to each staff position during the planning period.
5. In column 5, enter the average amount of down time, leisure time, or time otherwise unaccounted for (i.e., missed appointments). This may be determined through a study of actual historical experience or an acceptable level can be decided as administration policy.
6. To complete column 6, subtract the amounts in columns 3, 4, and 5 from the total minutes per planning period in column 2. The remainder equals the amount of time available for service delivery.

WORKSHEET FOR ESTIMATING ADMINISTRATIVE AND MANAGEMENT STAFF REQUIREMENTS

[illegible]

WORKSHEET FOR SUMMARIZING PERSONNEL REQUIREMENTS

[illegible]

* Round up or down as appropriate

WORKSHEET FOR ESTIMATING
NONPERSONNEL RESOURCE REQUIREMENTS

[illegible]

WORKSHEET FOR ESTIMATING NONPERSONNEL
RESOURCE REQUIREMENTS

[illegible]

DEVELOP THE BUDGET

- ESTIMATE EXPENSES FOR FUNCTIONAL COST CENTERS BY RESOURCE CODE
- ESTIMATE REVENUE BUDGET BY FUND SOURCE
 - FEDERAL
 - STATE
 - LOCAL
 - CLIENT CONTRIBUTIONS
 - DONATIONS

WORKSHEET FOR ESTIMATING FUNCTIONAL COST CENTER OPERATING EXPENSES

WORKSHEET FOR ESTIMATING FUNCTIONAL COST CENTER EXPENSES						WORKSHEET #:									
FUNDING TITLE:				SINGLE LOCATION*:	PLANNING PERIOD:										
FUNCTIONAL COST CENTER:				ALL LOCATIONS**:											
PART A ALL AAA DIRECT ADMINISTRATIVE SERVICE AND LOCATIONS	PERSONNEL RESOURCES				ESTIMATION BASIS										
	RESOURCE CODE	PERSONNEL CATEGORY	BASE SALARY PER PERIOD	WORKSHEET NUMBER	FULL TIME EQUIVALENTS				COSTS PER PLANNING PERIOD					TOTAL	
					1	2	3	4	1	2	3	4	TOTAL		
	TOTAL SALARIES: (RESOURCE CODE 600)														
	FRINGE BENEFITS = _____ PERCENT OF SALARIES (RESOURCE CODE 620)														
	TOTAL PERSONNEL RESOURCES EXPENSES														
	OTHER RESOURCES									1	2	3	4	TOTAL	
RESOURCE CODE	DESCRIPTION	ESTIMATION BASIS/WORKSHEET NUMBER													
TOTAL		OTHER RESOURCES													
PART B	DESCRIPTION OF SERVICES TO BE PROVIDED UNDER CONTRACT OR SUBGRANT								1	2	3	4	TOTAL		
TOTAL CONTRACTS AND SUBGRANTS															
ST CENTER BUDGET															

art B of this worksheet
all locations in this functional cost center

WORKSHEET FOR SUMMARIZING AAA OPERATING EXPENSES
 BY FUNCTIONAL COST CENTER AND RESOURCE CATEGORY

WORKSHEET FOR SUMMARIZING AAA OPERATING EXPENSES BY FUNCTIONAL COST CENTER AND RESOURCE CATEGORY								WORKSHEET #:
CONSOLIDATED AAA LEVEL		PLANNING PERIOD:						
RESOURCE CODES	BUDGETED EXPENSES	FUNCTIONAL COST CENTER						TOTAL AAA BUDGETED EXPENSES
		01	02	03	04	05		
600	Personnel							
620	Employee Benefits And Related Expenses							
630								
640								
650								
660								
670								
680								
690								
700								
TOTAL AAA Budgeted Expenses								

WORKSHEET FOR PROJECTING AAA OPERATING REVENUES

WORKSHEET FOR PROJECTING AAA OPERATING REVENUES							
PLANNING PERIOD: JUNE 1, 1982 THROUGH MAY 31, 1983							
REVENUE SOURCE	BUDGET ASSUMPTION	PRIOR YEAR TOTAL	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER	CURRENT YEAR TOTAL
AAA Grants:							
Title III B (Expenditures)	• In the prior year AOA grant support under Title III was \$802,000; 8.5 percent (\$68,000) was for AAA administration. The \$802,000 equaled 80 percent of the total approved budget (\$1,007,000). We expect Congress to maintain OAA funding current levels and again to receive \$801,000 under this title. As a result of the increase in the total budget, however, and the \$801,000 will represent only 68 percent of the total budget. We plan to monitor congressional budget action to verify that this estimate is reasonable.	100,000	100,000	100,000	100,000	100,000	\$ 68,000
Title III B (AAA Administration)							
Title III C-1 Congregate Meals							
Title III C-2 Home Delivered Meals							
Title IV A	• We expect Congress to make cuts in Title IV so our share of the in-State pass through will be reduced.	17,000	17,000	17,000	17,000	17,000	400,000
Subtotal	• No funds are expected from Title V or Title VI for this next year.	45,500	45,500	45,500	45,500	45,500	182,000
		37,500	37,500	37,500	37,500	37,500	150,000
		250	250	250	250	250	1,000
		5802,000	200,350	200,250	200,250	200,250	801,000
Community Services Administration	This agency has been abolished. We do not expect that the \$25,000 grant received last year will be picked up by another funding source.	25,000	-	-	-	-	-
Other Federal Grants:							
DOL (CEA)	Last year we received \$10,000 from the Department of Labor to fund three CETA positions. As a result of certain funding cutbacks in this program only one position will be filled with estimated revenues of \$10,000.	30,000	2,500	2,500	2,500	2,500	10,000
DOT	Indications are that our grant application for one van equipped to handle wheelchair-bound clients will be approved for \$18,000.	-	4,500	4,500	4,500	4,500	18,000
State Government	Conversations with SDA staff indicate that the State will maintain its current funding level from the general fund to be used for the Title III match.	125,000	31,250	31,250	31,250	31,250	125,000
Local Government	Local funds have been based on a special statewide 1 million property assessment. During the recently completed sessions of the State Legislature this assessment was increased to 2 million. As a result we expect local revenues from \$30,000 to \$60,000. Funds will not be available until the second quarter. In addition, the County Council recently voted to allow the AAA to convert the old Elliot house into a multipurpose service center, rent free. At the going rate for similar property in that part of the country, this amounts to an in-kind contribution of \$20,000. This building won't be ready until the third quarter.	30,000	0	20,000	30,000	30,000	80,000
Client Contributions	We recently completed a Fund Raising Program during which we (1) informed clients about the actual per meal costs of congregates home delivered meals and the unit costs for each type of community and in-home service and (2) explained the importance of client contributions to our being able to maintain services at current levels. As a result, we expect program income to increase next year to \$100,000 (from \$5,000 last year). Contributions will be lower during the second and third quarters because of the holiday season.	65,000	10,000	20,000	20,000	30,000	100,000
Donations:	Also as a result of the Fund Raising Program donations are expected to increase from \$10,000 to \$50,000; and to be highest in the third quarter because of the holidays.						
• Individuals			250	500	5,000	250	6,000
• Corporate			2,000	5,000	15,000	2,000	24,000
• Wills And Bequests			5,000	5,000	5,000	5,000	20,000
Subtotal:		10,000	7,250	10,500	25,000	7,250	50,000
Total		1,087,000	275,750	289,000	313,500	305,750	1,184,000

COMPARE REVENUE AND EXPENSE BUDGETS

- REVIEW EACH INDIVIDUALLY TO DETERMINE:
 - CHECK COMPUTATIONS
 - APPROPRIATENESS AND REASONABLENESS OF ESTIMATED REVENUE OR EXPENSE ITEMS
 - MORE COST EFFECTIVE APPROACHES
- ADJUST EXPENSE AND REVENUE BUDGET BASED ON:
 - ORGANIZATIONAL PRIORITIES
 - HOW ESSENTIAL IS THE ITEM TO THE OVERALL PLAN

COMPARING PROJECTED EXPENDITURES TO REVENUES

PROJECTED EXPENDITURES AND REVENUES	, QUARTER				TOTAL
	1	2	3	4	
Projected Annual Expenditures	300,000	289,000	301,000	294,000	1,179,000
Projected Annual Revenues	296,000	291,000	291,000	291,000	1,164,000
Variance	(4,000)	2,000	(10,000)	(3,000)	(15,000)

COMPLETE THE FINANCIAL PLAN

- DEVELOP FINAL BUDGET
 - PROJECTED REVENUES BY GENERAL LEDGER CODE
 - BUDGETED EXPENSES BY RESOURCE CODE
- DEVELOP CASH FLOW STATEMENTS
 - AT LEAST QUARTERLY, POSSIBLY MONTHLY IF EITHER REVENUES OR EXPENSES ARE EXPECTED TO BE ERRATIC
 - PROBLEM: ACCELERATE REVENUES OR DEFER EXPENDITURES

WORKSHEET FOR DEVELOPING THE
FINAL AAA BUDGET

WORKSHEET FOR DEVELOPING THE FINAL AAA OPERATING BUDGET					PLANNING PERIOD:			
GENERAL LEDGER CODE	REVENUE SOURCE	LAST YEAR'S ACTUAL	THIS YEAR'S BUDGET	QUARTERLY BUDGET PROJECTIONS				
				1	2	3	4	
Revenue Codes								
401	Federal Grant--Supportive Services (Title III B)							
402	Federal Grant--Congregate Meals (Title III C-1)							
403	Federal Grant--Home Delivered Meals (Title III C-2)							
404	Training, Research And Discretionary Projects And Programs (Title IV)							
406	Community Service Employment For Older Americans (Title V)							
408	Local Matching Funds							
409	State Matching Funds							
410	Fees For Services--Title XX							
420	Client Contributions							
422	Contributions From Employees And Guests							
430	Other Revenues							
433	Donations							
435	In Kind Contributions							
440	Gain (Loss) On Sale Or Disposal Of Assets							
TOTAL PROJECTED REVENUES								
EXPENDITURE CODES	EXPENDITURE CATEGORY	LAST YEAR'S ACTUAL	THIS YEAR'S BUDGET	QUARTERLY BUDGET PROJECTIONS				
				1	2	3	4	
600	Personnel							
620	Employee Benefits And Related Expenses							
630	Printing And Supplies							
640	Food Purchases							
650	Occupancy Costs							
660	Travel							
670	Depreciation/Use Allowance And Amortization							
680	Other Expenditures							
690	Contracts And Subgrants							
700	Capital Expenditures (Grant Funds Only)							
TOTAL BUDGETED EXPENSES								

CASH FLOW STATEMENT

CASH FLOW STATEMENT		PLANNING PERIOD:			
CONSOLIDATED AAA LEVEL		QUARTER			
		1	2	3	4
GENERAL LEDGER CODE					
REVENUES					
401	Federal Grant--Supportive Services (Title III B)				
402	Federal Grant--Congregate Meals (Title III C-1)				
403	Federal Grant--Home Delivered Meals (Title III C-2)				
404	Training, Research And Discretionary Projects And Programs (Title IV)				
406	Community Service Employment For Older Americans (Title V)				
408	Local Matching Funds				
409	State Matching Funds				
410	Fees For Services--Title XX				
420	Client Contributions				
422	Contributions From Employees And Guests				
430	Other Revenues				
433	Donations				
435	In Kind Contributions				
440	Gain (Loss) On Sale Or Disposal Of Assets				
EXPENDITURES					
600	Personnel				
620	Employee Benefits And Related Expenses				
630	Printing And Supplies				
640	Food Purchases				
650	Occupancy Costs				
660	Travel				
670	Depreciation/Use Allowance And Amortization				
680	Other Expenditures				
690	Contracts And Subgrants				
700	Capital Expenditures (Grant Funds Only)				

SESSION FIVE

UNIT COST FINDING
AND
COST ALLOCATION

A SERVICE UNIT

- THE DELIVERY OF ONE COMPONENT OF A PARTICULAR SERVICE TO AN INDIVIDUAL CLIENT
 - A COUNSELING SESSION
 - A MEAL
 - A REFERRAL
- A UNIT IS DEFINED IN TERM OF "TIME" -- HOW LONG IT TAKES TO DELIVER
- SERVICES WILL VARY AMONG ORGANIZATIONS
- THE DEFINITION OF A SERVICE UNIT WILL VARY AMONG ORGANIZATIONS
 - ONE HOUR OF HOUSEKEEPING SERVICES
 - ONE DAY OF HOUSEKEEPING SERVICES

UNIT COSTS

- IS THE COST ASSOCIATED WITH DELIVERING A UNIT OF SERVICE TO AN INDIVIDUAL CLIENT
- FORMULA FOR COMPUTING UNIT COSTS:

$$\frac{\text{TOTAL COST FOR A SPECIFIC SERVICE TYPE}}{\text{NUMBER OF SERVICE UNITS TO BE PROVIDED}} = \text{COST PER UNIT OF SERVICE}$$

TOTAL COSTS

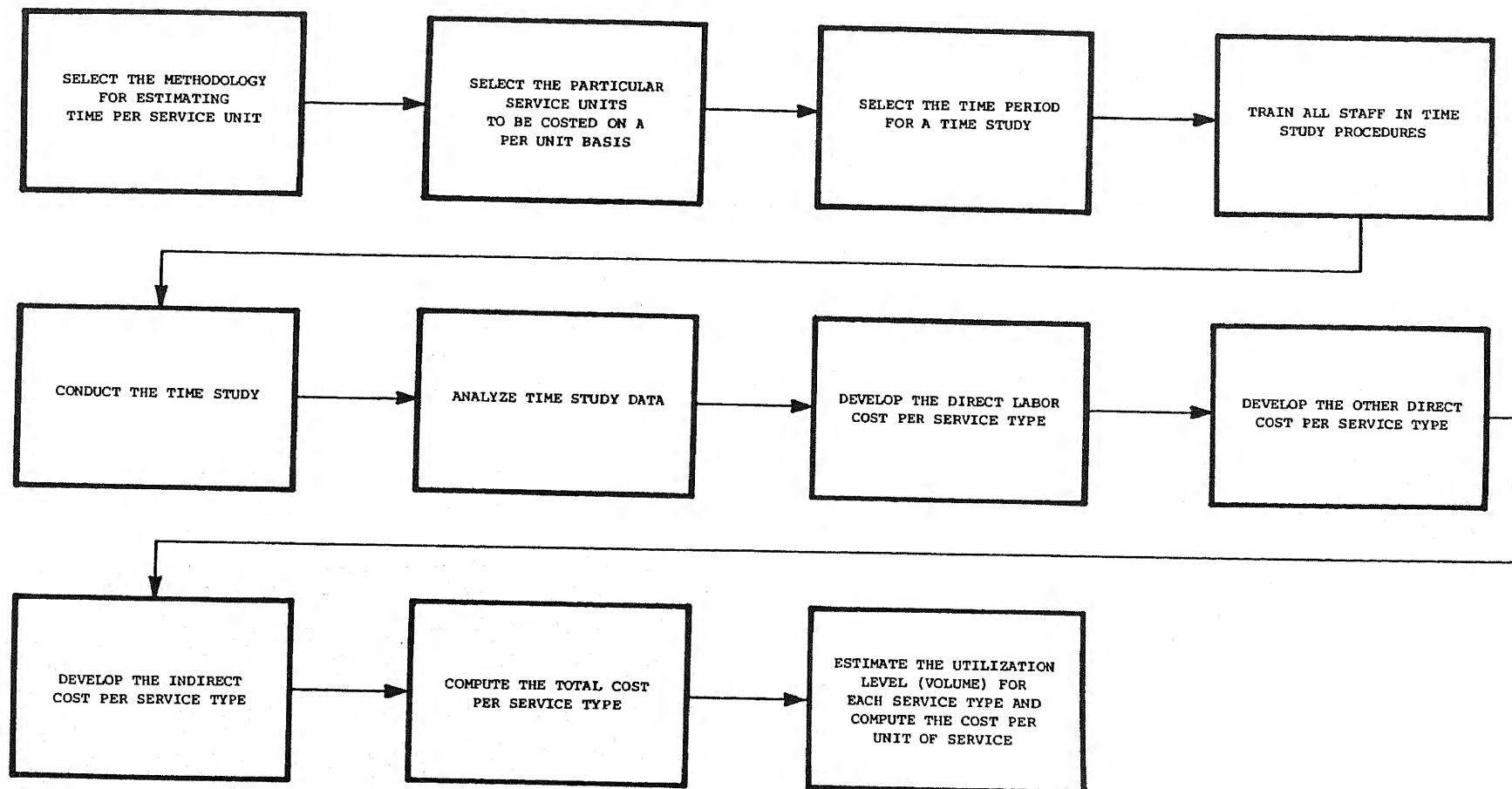
- COMPONENTS OF TOTAL COSTS:

- DIRECT LABOR COSTS
- OTHER DIRECT COSTS
- INDIRECT COSTS

- DETAILED FORMULA FOR COMPUTING UNIT COSTS:

$$\frac{(\text{DIRECT LABOR COSTS}) + (\text{OTHER DIRECT COSTS}) + (\text{INDIRECT COSTS})}{\text{NUMBER OF SERVICE UNITS TO BE PROVIDED}} = \begin{array}{l} \text{COST PER} \\ \text{SERVICE} \\ \text{UNIT} \end{array}$$

STEPS IN THE UNIT COST FINDING PROCESS



DIRECT LABOR COSTS
PLANNING FOR THE TIME STUDY *

- SELECT METHOD FOR ESTIMATING TIME PER SERVICE UNIT
 - SUPERVISOR ESTIMATES
 - WORKER ESTIMATES
 - TIME LOGS OR SHEET
 - RANDOM MOMENT STUDIES--WORK SAMPLING
- SELECT SERVICE UNITS TO BE COSTED
- SELECT THE TIME PERIOD FOR THE STUDY
- TRAIN STAFF IN TIME STUDY PROCEDURES
- PILOT TEST THE TIME STUDY

* MEASURES (E.G., NUMBER OF MEALS PREPARED) MAY BE USED TO ESTIMATE THE DLC FOR STAFF WHO WORK ACROSS FUNCTIONAL COST CENTERS IF ALL THE MEALS TAKE THE SAME TIME TO PREPARE.

DAILY STAFF ACTIVITY LOG
FOR SPECIAL STUDIES

DAILY STAFF ACTIVITY LOG SPECIAL TIME STUDY						
Staff Member Name: _____			Date: _____			
Position: _____						
Resource Code: _____						
FUND CODE	FUNCTIONAL COST CENTER	LOCATION CODE	SERVICE AND ADMINISTRATIVE ACTIVITY DESCRIPTION	ACTIVITY CODE	TIME SPENT (IN MINUTES)	NUMBER OF CLIENTS SERVED (OPTIONAL)

SUGGESTED SERVICE AND ADMINISTRATIVE
ACTIVITY NAMES AND CODES
FOR TITLE III AND VI*

SERVICE AND ADMINISTRATIVE ACTIVITY AND CODE	
SERVICE ACTIVITY	ADMINISTRATIVE ACTIVITY
01. Advocacy	32. Compensation Time
02. Assessment	33. Down Time
03. Chore Service	34. Holiday
04. Counseling	35. Annual Leave
05. Diagnosis	36. Sick Leave
06. Discount	37. Other Leave
07. Escort Service	38. Administrative Travel
08. Evaluation	39. Administrative Recordkeeping
09. Guardianship/Conservatorship	40. Personnel Administration
10. Homemaking	41. In-Service Training
11. Housekeeping	42. Training Received Outside The Program
12. Income Support/Material Aid	43. External Meetings
13. Information	44. Staff Administration Meetings
14. Instruction/Training	45. Board And Advisory Committee Meetings
15. Interpreting/Translating	46. Community Development Meetings
16. Letter Writing/Reading	47. Media Meetings
17. Meals	48. Public Speaking Meetings
18. Ombudsman	49. Seminars And Workshops
19. Outreach	50. Information Services Meetings
20. Personal Care	51. Other Administrative Functions
21. Physical Fitness	52. Program Planning And Evaluation
22. Placement	53. Fundraising
23. Recreation	54. Fiscal Activities
24. Referral	55. Staff Supervision
25. Repairs/Maintenance/Renovations	
26. Shopping	
27. Supervision	
28. Telephoning	
29. Transportation	
30. Treatment	
31. Visiting	

* See Appendix A for definitions of these service and administrative activities

TIME STUDY

- CONDUCT THE TIME STUDY
- TABULATE DAILY WORKER LOGS
- DEVELOP THE DIRECT LABOR COSTS PER SERVICE TYPE
 - PERCENTAGE OF TOTAL TIME SPENT ON EACH SERVICE
(TIME ON EACH SERVICE \div TIME AVAILABLE IN TIME STUDY)
 - CALCULATE DIRECT LABOR COST FOR EACH SERVICE
(ABOVE PERCENTAGE X SALARY)

TIME STUDY TALLY SHEET

[illegible]

WORKSHEET FOR COMPUTING THE DIRECT LABOR COST PER SERVICE TYPE *

WORKSHEET FOR COMPUTING THE DIRECT LABOR COST PER SERVICE TYPE									
FUNDING TITLE: _____		WORKSHEET # : _____							
FUNCTIONAL COST CENTER: _____		PERIOD FOR WHICH UNIT COSTS ARE TO BE DEVELOPED: _____							
STAFF	SERVICE TYPE	(SPECIFY BELOW)						TOTAL ALL SERVICE TYPES	
1. _____									
A. Time Spent On Each Service Type During Study Period									
B. Total Time In Study Period									
C. Percent Of Time Spent On Each Service Type (A ÷ B)									100%
D. Total Salaries And Fringe Benefits Associated With This Personnel Position									
E. Direct Labor Associated With Each Service Type (C X D)									
2. _____									
A. Time Spent On Each Service Type During Study Period									
B. Total Time In Study Period									
C. Percent Of Time Spent On Each Service Type (A ÷ B)									100%
D. Total Salaries And Fringe Benefits Associated With This Personnel Position									
E. Direct Labor Associated With Each Service Type (C X D)									
3. _____									
A. Time Spent On Each Service Type During Study Period									
B. Total Time In Study Period									
C. Percent Of Time Spent On Each Service Type (A ÷ B)									100%
D. Total Salaries And Fringe Benefits Associated With This Personnel Position									
E. Direct Labor Associated With Each Service Type (C X D)									
F. Direct Labor Costs Per Service Type (Sum Of All Row E Data)									

* When measures (e.g., meals) are used as a basis for determining direct labor cost, the rows of the form will be: A. Number of meals prepared for each service type; B. Total number of meals prepared; C. Percent of meals prepared on each service type; rows D and E remain the same.

OTHER DIRECT COSTS

- OTHER DIRECT COSTS INCLUDE ALL COSTS OTHER THAN DIRECT LABOR THAT ARE DIRECTLY RELATED TO A SPECIFIC SERVICE TYPE WITHIN A LOCATION AND FUNCTIONAL COST CENTER
- EXAMPLES OF OTHER DIRECT COSTS ARE:
 - FOOD MAY BE DIRECTLY ATTRIBUTABLE TO THE SERVICE OF MEALS FOR A TITLE III C-2 PROVIDER
 - A VEHICLE MAY BE DIRECTLY ATTRIBUTABLE TO TRANSPORTING FOOD FOR A TITLE III C-1 PROVIDER

OTHER DIRECT COSTS

- OTHER DIRECT COSTS INCLUDE ALL COSTS OTHER THAN DIRECT LABOR THAT ARE DIRECTLY RELATED TO A SPECIFIC SERVICE TYPE WITHIN A LOCATION AND FUNCTIONAL COST CENTER
- EXAMPLES OF OTHER DIRECT COSTS ARE:
 - FOOD MAY BE DIRECTLY ATTRIBUTABLE TO THE SERVICE OF MEALS FOR A TITLE III C-2 PROVIDER
 - A VEHICLE MAY BE DIRECTLY ATTRIBUTABLE TO TRANSPORTING FOOD FOR A TITLE III C-1 PROVIDER

WORKSHEET FOR COMPUTING THE OTHER DIRECT COSTS PER SERVICE TYPE

[illegible]

OTHER DIRECT COSTS

- OTHER DIRECT COSTS INCLUDE ALL COSTS OTHER THAN DIRECT LABOR THAT ARE DIRECTLY RELATED TO A SPECIFIC SERVICE TYPE WITHIN A LOCATION AND FUNCTIONAL COST CENTER
- EXAMPLES OF OTHER DIRECT COSTS ARE:
 - FOOD MAY BE DIRECTLY ATTRIBUTABLE TO THE SERVICE OF MEALS FOR A TITLE III C-2 PROVIDER
 - A VEHICLE MAY BE DIRECTLY ATTRIBUTABLE TO TRANSPORTING FOOD FOR A TITLE III C-1 PROVIDER

WORKSHEET FOR COMPUTING THE OTHER DIRECT COSTS PER SERVICE TYPE

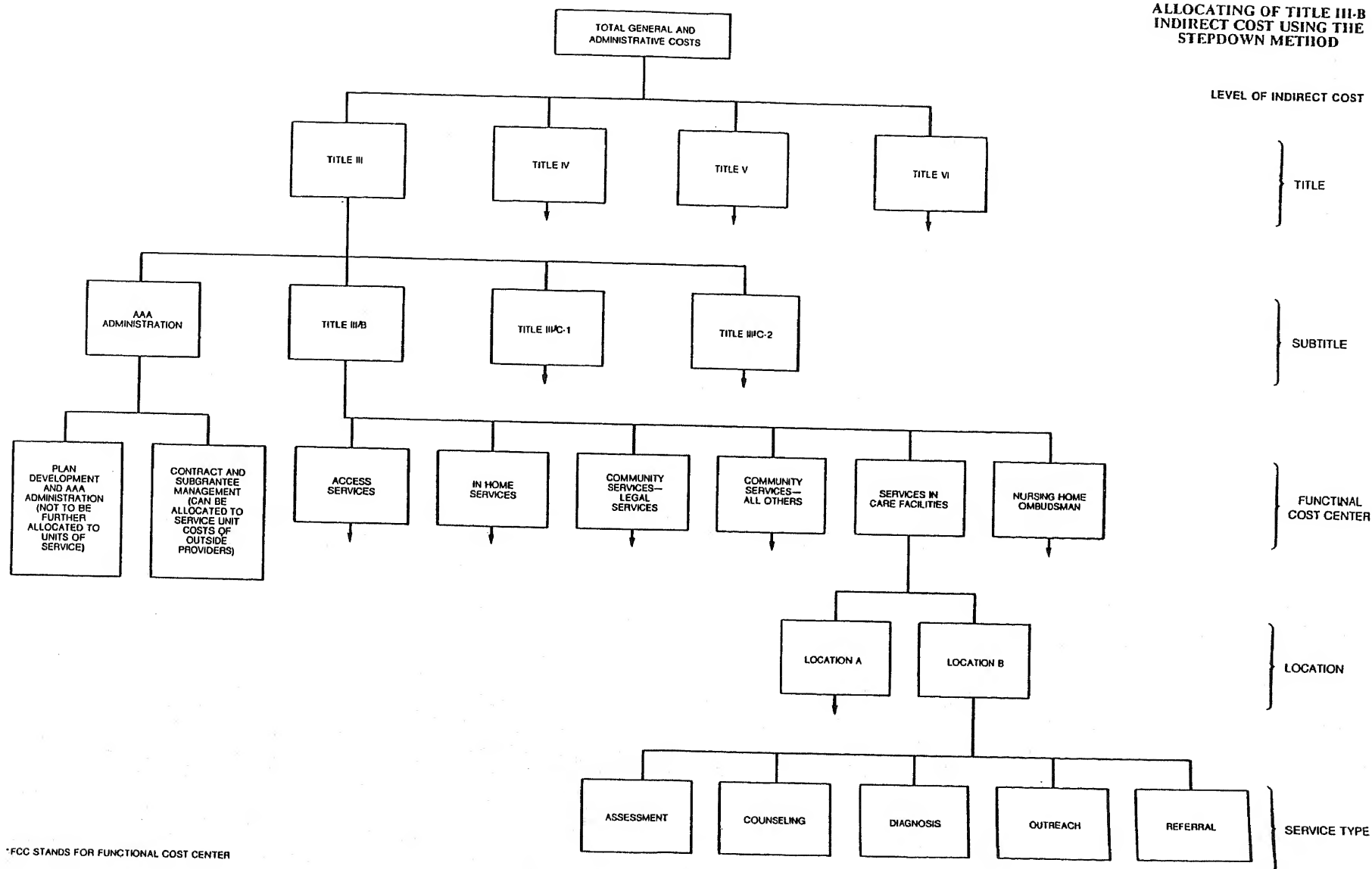
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THERE ARE FIVE LEVELS OF INDIRECT COST

- TOTAL GENERAL AND ADMINISTRATIVE (G&A) COST
- PROGRAM MANAGEMENT COST UNDER A FUNDING SUBTITLE
- FUNCTIONAL COST CENTER ADMINISTRATIVE COST
- INDIRECT COSTS FOR EACH LOCATION
- INDIRECT COST FOR EACH SERVICE TYPE

ALLOCATING OF TITLE III-B INDIRECT COST USING THE STEPDOWN METHOD

LEVEL OF INDIRECT COST



*FCC STANDS FOR FUNCTIONAL COST CENTER

ALLOCATION OF INDIRECT COSTS

- ALLOCATING INDIRECT COSTS FROM THE HIGHEST ORGANIZATIONAL LEVEL DOWN TO THE LOWEST LEVEL IS COMMONLY REFERRED TO AS A "STEP-DOWN" COST ALLOCATION METHOD
- THERE ARE NUMEROUS WAYS TO ALLOCATE INDIRECT COSTS
 - PERCENTAGE OF DIRECT LABOR COSTS
 - PERCENTAGE OF CLIENTS OR WORKERS
 - PERCENTAGE OF MEALS PREPARED
 - PERCENTAGE OF USAGE BASED ON MEASURES (E.G., SQUARE FEET FOR RENT)
 - ACTUAL USAGE (E.G., NUMBER OF XEROX COPIES)

WORKSHEET FOR ALLOCATING G & A COSTS TO TITLES

WORKSHEET FOR ALLOCATING G & A COSTS TO TITLES						PERIOD FOR WHICH UNIT COSTS ARE TO BE DEVELOPED:	
BASED ON DIRECT LABOR (DL) ALLOCATION METHOD						OTHER METHOD OF ALLOCATION	TOTAL INDIRECT COST
1. G AND A COST \$							
2. ALLOCATION	A	B	C	D	E	F	G
TITLES	DIRECT LABOR COST BY TITLE	TOTAL DIRECT LABOR COSTS FOR ALL TITLES (SAME FOR ALL ROWS BELOW)	PERCENT OF DIRECT LABOR COSTS	G & A COSTS (SAME FOR ALL ROWS BELOW)	ALLOCATED G & A COSTS BY TITLE BASED ON DL METHOD	INDIRECT COSTS (COLUMN D EXHIBIT XIV-15)	BY TITLE
TITLE III	\$	\$	%	\$	\$		
TITLE IV	\$	\$	%	\$	\$		
TITLE V	\$	\$	%	\$	\$		
TITLE VI	\$	\$	%	\$	\$		
OTHER (SPECIFY: _____)	\$	\$	%	\$	\$		
	TOTAL DIRECT LABOR COSTS FOR ALL SUBTITLES \$		TOTAL 100%				

**WORKSHEET FOR ALLOCATING INDIRECT COSTS TO
SUBTITLES BASED ON DIRECT LABOR COST METHOD**

WORKSHEET FOR ALLOCATING INDIRECT COSTS TO SUBTITLES BASED ON DIRECT LABOR COST METHOD						WORKSHEET #:	
FUNDING TITLE (SPECIFY): _____						PERIOD FOR WHICH UNIT COSTS ARE TO BE DEVELOPED: _____	
BASED ON DIRECT LABOR (DL) ALLOCATION METHOD							
1. INDIRECT COST USING DL METHOD ADMINISTRATIVE COSTS ASSOCIATED WITH MANAGING THIS FUND TITLE : \$ _____ + STEPPED DOWN PORTION OF G & A FOR THIS TITLE (COLUMN E OF EXHIBIT XIV-10) \$ _____ = INDIRECT COSTS ASSOCIATED WITH THIS FUND TITLE USING DL METHOD \$ _____						OTHER METHOD OF ALLOCATION	TOTAL INDIRECT COST
2. ALLOCATION	A	B	C	D	E	F	G
SUBTITLES (SPECIFY) BELOW	DIRECT LABOR COSTS BY SUBTITLE	TOTAL DIRECT LABOR COSTS FOR ALL SUBTITLES (SAME FOR ALL BELOW)	PERCENTAGE OF DIRECT LABOR COSTS	INDIRECT COSTS ASSOCIATED THIS TITLE (SAME FOR ALL ROWS BELOW)	ALLOCATED INDIRECT COSTS BY SUBTITLE	INDIRECT COST (COLUMN D EXHIBIT XIV-15)	BY SUBTITLE
	\$	\$	%	\$	\$		
	\$	\$	%	\$	\$		
	\$	\$	%	\$	\$		
	\$	\$	%	\$	\$		
	\$	\$	%	\$	\$		
TOTAL DIRECT LABOR COSTS FOR ALL SUBTITLES \$			TOTAL 100%				

WORKSHEET FOR ALLOCATING INDIRECT COSTS
TO FUNCTIONAL COST CENTERS

WORKSHEET FOR ALLOCATING INDIRECT COSTS TO FUNCTIONAL COST CENTERS				WORKSHEET #:			
FUNDING SUBTITLE (SPECIFY): _____				PERIOD FOR WHICH UNIT COSTS ARE TO BE DEVELOPED: _____			
BASED ON DIRECT LABOR (DL) ALLOCATION METHOD							
1. INDIRECT COST USING DL METHOD ADMINISTRATIVE COSTS ASSOCIATED WITH MANAGING THIS SUBTITLE : \$ _____ + STEPPED DOWN PORTION OF INDIRECT COSTS FOR THIS SUBTITLE (COLUMN E OF EXHIBIT XIV-11) \$ _____ = INDIRECT COSTS ASSOCIATED WITH THIS SUBTITLE : \$ _____						OTHER METHOD OF ALLOCATION	TOTAL INDIRECT COST
2. ALLOCATION	A	B	C	D	E	F	G
FUNCTIONAL COST CENTERS (SPECIFY BELOW)	DIRECT LABOR COSTS BY FUNCTIONAL COST CENTER	TOTAL DIRECT LABOR COSTS FOR ALL FUNCTIONAL COST CENTERS WITHIN THIS SUBTITLE (SAME FOR ALL BELOW)	PERCENTAGE OF DIRECT LABOR COSTS	INDIRECT COSTS ASSOCIATED WITH THIS SUBTITLE (SAME FOR ALL ROWS BELOW)	ALLOCATED INDIRECT COSTS BY FUNCTIONAL COST CENTER	INDIRECT COSTS (COLUMN D OF EXHIBIT XIV-15)	BY FUNCTIONAL COST CENTER
	\$		%	\$	\$		
	\$		%	\$	\$		
	\$		%	\$	\$		
	\$		%	\$	\$		
	\$		%	\$	\$		
	\$		%	\$	\$		
	\$		%	\$	\$		
	\$		%	\$	\$		
TOTAL DIRECT LABOR COSTS FOR ALL FUNCTIONAL COST CENTERS WITHIN THIS SUBTITLE:	\$		TOTAL 100%				

WORKSHEET FOR ALLOCATING INDIRECT COSTS TO LOCATION

WORKSHEET FOR ALLOCATING INDIRECT COSTS TO LOCATION					WORKSHEET #:				
FUNDING SUBTITLE (SPECIFY): _____					PERIOD FOR WHICH UNIT COSTS ARE TO BE DEVELOPED: _____				
					FUNCTIONAL COST CENTER (SPECIFY): _____				
BASED ON DIRECT LABOR (DL) ALLOCATION METHOD									
<div style="display: flex; justify-content: space-between;"> <div style="width: 35%;"> <p>1. INDIRECT COST USING DL METHOD</p> <p>ADMINISTRATIVE COSTS ASSOCIATED WITH MANAGING THIS LOCATION: \$ _____</p> </div> <div style="width: 30%; text-align: center;"> <p>STEPPED DOWN PORTION OF INDIRECT COSTS FOR THIS FUNCTIONAL COST CENTER: (COLUMN E OF EXHIBIT XIV-12)</p> </div> <div style="width: 30%;"> <p>INDIRECT COSTS ASSOCIATED WITH THIS LOCATION \$ _____</p> </div> </div>								OTHER METHOD OF ALLOCATION	TOTAL INDIRECT COSTS
2. ALLOCATION	A	B	C	D	E	F	G		
LOCATION (SPECIFY BELOW)	DIRECT LABOR COSTS BY LOCATION	TOTAL DIRECT LABOR COSTS FOR ALL LOCATIONS WITHIN THIS FUNCTIONAL COST CENTER (SAME FOR ALL BELOW)	PERCENTAGE OF DIRECT LABOR COSTS	INDIRECT COSTS ASSOCIATED WITH THIS LOCATION (SAME FOR ALL BELOW)	ALLOCATED INDIRECT COSTS BY LOCATION	INDIRECT COSTS (COLUMN D EXHIBIT XIV-15)	BY EACH LOCATION		
	\$	\$	%	\$	\$	\$			
	\$	\$	%	\$	\$	\$			
	\$	\$	%	\$	\$	\$			
	\$	\$	%	\$	\$	\$			
	\$	\$	%	\$	\$	\$			
	\$	\$	%	\$	\$	\$			
	TOTAL DIRECT LABOR COSTS FOR ALL LOCATIONS WITHIN THIS FUNCTIONAL COST CENTER: \$		TOTAL 100%						

**WORKSHEET FOR ALLOCATING INDIRECT
COSTS TO SERVICE TYPES**

WORKSHEET FOR ALLOCATING INDIRECT COSTS TO SERVICE TYPES					WORKSHEET #:			
FUNDING SUBTITLE (SPECIFY): _____					PERIOD FOR WHICH UNIT COSTS ARE TO BE DEVELOPED: _____			
FUNCTIONAL COST CENTER (SPECIFY): _____					LOCATION (SPECIFY): _____			
BASED ON DIRECT LABOR (DL) ALLOCATION METHOD							OTHER METHOD OF ALLOCATION	TOTAL INDIRECT COSTS
1. INDIRECT COST OF LOCATION COLUMN E OF EXHIBIT XIV-13 \$ _____								
2. ALLOCATION	A	B	C	X	D	E	F	G
SERVICE TYPES (SPECIFY BELOW)	DIRECT LABOR COSTS BY SERVICE TYPE	TOTAL DIRECT LABOR COSTS FOR ALL SERVICE TYPES WITHIN THIS FUNCTIONAL COST CENTER (SAME FOR ALL BELOW)	PERCENTAGE OF DIRECT LABOR COSTS		TOTAL INDIRECT COSTS ASSOCIATED WITH THIS FUNCTIONAL COST CENTER (SAME FOR ALL ROWS BELOW)	TOTAL ALLOCATED INDIRECT COSTS BY SERVICE TYPE	INDIRECT COSTS (COLUMN D OF EXHIBIT XIV-15)	BY EACH SERVICE
	\$	\$	%		\$	\$		
	\$	\$	%		\$	\$		
	\$	\$	%		\$	\$		
	\$	\$	%		\$	\$		
	\$	\$	%		\$	\$		
	\$	\$	%		\$	\$		
TOTAL DIRECT LABOR COSTS FOR ALL SERVICE TYPES WITHIN THIS FUNCTIONAL COST CENTER: \$			TOTAL 100%					

WORKSHEET FOR ALLOCATING INDIRECT COST
BASED ON METHODS OTHER THAN DIRECT LABOR COSTS

WORKSHEET FOR ALLOCATING INDIRECT COST			WORKSHEET #:
PERIOD FOR WHICH COSTS ARE TO BE DEVELOPED: _____			
LEVEL OF INDIRECT COST (SPECIFY WHERE APPLICABLE): _____			
FUND TITLE: _____			
FUND SUBTITLE: _____			
FUNCTIONAL COST CENTER: _____			
LOCATION: _____			
A	B	C	D
CATEGORIES WITHIN LEVEL (specify below)	METHOD OF ALLOCATION SPECIFY: (e.g. square feet)	PERCENTAGES (B ÷ E)	OBJECT OF EXPENSE SPECIFY: (e.g. rent) (C x F)
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
TOTAL	E	100%	F \$

FINAL COMPUTATIONS

- COMPUTE TOTAL COST PER SERVICE TYPE
 - DIRECT LABOR COST
 - OTHER DIRECT COST
 - INDIRECT COST
- ESTIMATE VOLUME FOR EACH SERVICE TYPE
 - PERIOD DATA IS TO REFLECT (ANNUAL) \div PERIOD OF TIME STUDY = QUOTIENT
 - TIME STUDY RESULTS ON THE NUMBER OF ENCOUNTERS OR CLIENTS SERVED \times QUOTIENT = PROJECTED UTILIZATION LEVEL
- CALCULATE SERVICE UNIT COSTS:
TOTAL COST \div PROJECT UTILIZATION LEVEL

WORKSHEET FOR SUMMARIZING THE COSTS PER
SERVICE TYPE AND CALCULATING COSTS PER UNIT

WORKSHEET FOR SUMMARIZING THE COSTS PER SERVICE TYPE AND CALCULATING COSTS PER UNIT					WORKSHEET #: _____		
FUNDING TITLE: _____					PERIOD FOR WHICH UNIT COSTS ARE TO BE DEVELOPED: _____		
FUNCTIONAL COST CENTER: _____							
LOCATION: _____							
	SERVICE TYPE						TOTAL
A. Direct Labor Costs Per Service Type*	\$	\$	\$	\$	\$	\$	\$
B. Other Direct Costs Per Service Type**							
C. Indirect Costs Per Service Type***							
D. Total Cost Per Service Type (A + B + C)							
E. Number Of Service Units Per Service Type***							
F. Cost Per Unit Of Service (D ÷ E)							

* Obtained from row F, WORKSHEET FOR COMPUTING THE DIRECT LABOR COST PER SERVICE TYPE.

** Obtained from total row, WORKSHEET FOR COMPUTING THE OTHER DIRECT COSTS PER SERVICE TYPE.

*** Obtained from column G, WORKSHEET FOR ALLOCATING INDIRECT COSTS TO SERVICE TYPE.

SESSION SIX

C O N T R A C T I N G

GENERAL ACCOUNTING OFFICE WAS CRITICAL
OF CONTRACTING PRACTICES WITHIN THE
AGING NETWORK

- CONTRACTS OFTEN LACKED ADEQUATE SCOPES OF WORK
 - DID NOT QUALITATIVELY DEFINE THE COMPONENTS OF SERVICES
 - DID NOT QUANTITATIVELY DEFINE SERVICE UNITS TO BE PURCHASED
- REIMBURSEMENT BASED ON COSTS CLAIMED RATHER THAN ON THE AMOUNT OF SERVICES DELIVERED
- RESULT IS NOW A SHIFT AWAY FROM COST REIMBURSEMENT CONTRACTS TO PERFORMANCE-BASED CONTRACTS

TYPES OF CONTRACTS

- COST REIMBURSEMENT CONTRACT
 - REIMBURSEMENT BASED ON COSTS NOT OUTPUT
 - TWO TYPES: TIME AND MATERIALS CONTRACT AND LABOR HOUR CONTRACT
- FIRM FIXED PRICE (FFP) CONTRACT
 - SET LUMP SUM FOR A SPECIFIC SET OF TASKS OR A CERTAIN NUMBER OF PRODUCTS OR SERVICES
 - CONTRACTOR AT RISK
- REIMBURSEMENT RATE CONTRACT
 - A SPECIFIED PRICE PER UNIT OF SERVICE DELIVERY
 - MAY BE WITH FIXED OR PROVISIONAL RATES
 - PREFERABLE TO FFP WHEN THERE IS UNCERTAINTY ABOUT THE TOTAL NUMBER OF SERVICE UNITS REQUIRED BY THE TARGET POPULATION
- INCENTIVE CONTRACTS
 - REIMBURSE CONTRACTOR AT COST (WITHIN LIMITS), BUT PROVIDES DOLLAR INCENTIVES TO FULFILL WORK REQUIREMENTS AT LESS THAN MAXIMUM ALLOWED AMOUNT
 - MANY VARIATIONS EXIST FOR INCENTIVE CONTRACTING

ADVANTAGES AND DISADVANTAGES
OF FOUR TYPES OF CONTRACTS

CONTRACT TYPE				
	COST REIMBURSEMENT	PERFORMANCE-BASED		
		FIXED PRICE	REIMBURSEMENT RATE	INCENTIVE
ADVANTAGES	<ul style="list-style-type: none"> • Equitable when cost of performing the service or providing the goods cannot be estimated with reasonable confidence 	<ul style="list-style-type: none"> • Minimum paper work that focuses on results, not accounting • Provides opportunity for AAA to control costs and for commercial services providers to realize a fair profit • Facilitates cost per unit comparison across service providers 	<ul style="list-style-type: none"> • Focuses on outcome of services rather than on cost by objects of expenditures • Enables the AAA to control costs even when there is some uncertainty about the total number of services required • Facilitates cost per unit of service comparisons among providers 	<ul style="list-style-type: none"> • Provides opportunity for AAA to control costs and for commercial services providers to realize a fair profit without bearing undue financial risk
DISADVANTAGES	<ul style="list-style-type: none"> • Does not provide incentive for service providers to control costs • Does not ensure that services and goods are provided in the most cost efficient manner • Extensive financial recordkeeping needed to substantiate claims for cost reimbursement 	<ul style="list-style-type: none"> • May place "unfair" burden on commercial service providers who can ill afford to bear a significant financial risk • Requires establishment and maintenance of a unit cost system 	<ul style="list-style-type: none"> • May place unfair financial risk on service providers • Requires the establishment and maintenance of a unit cost system 	<ul style="list-style-type: none"> • Extensive financial and performance recordkeeping needed to substantiate claims reimbursement and support requests for incentive payments

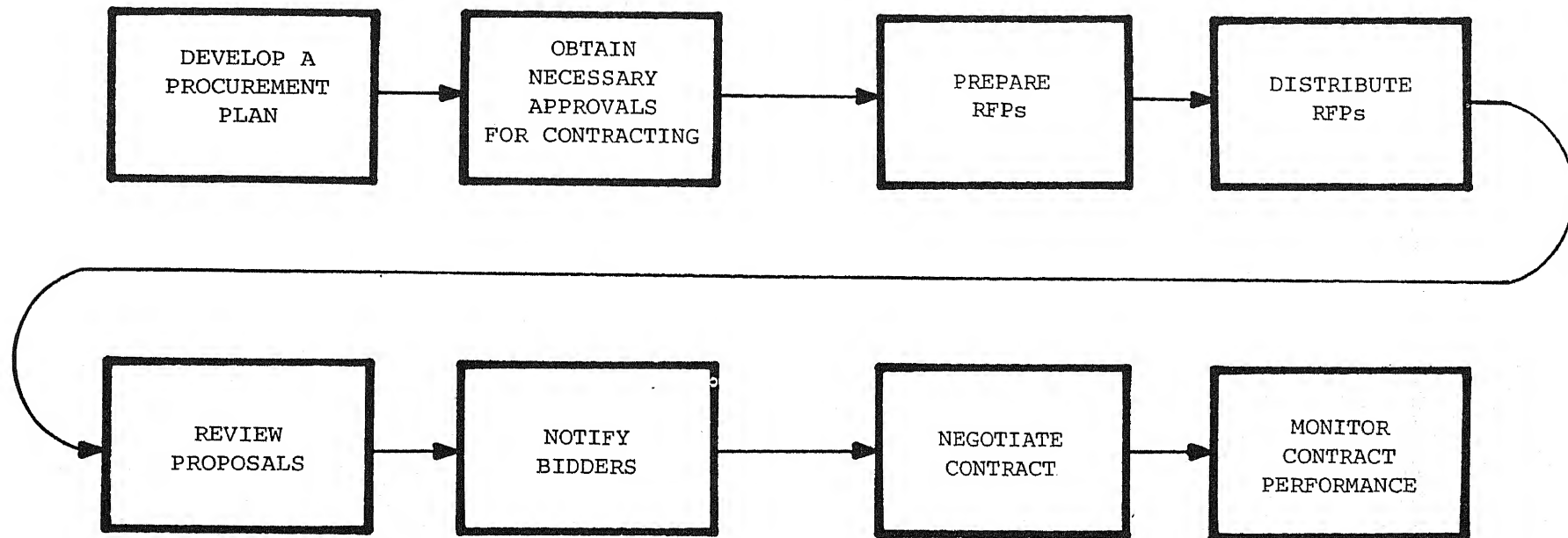
BASIC PROCUREMENT REQUIREMENTS

- 45 CFR PART 74
- OMB CIRCULAR A-102 AND A-110
- COMPTROLLER GENERAL RULINGS
- STATE AND LOCAL REQUIREMENTS

COMPETITIVE CONTRACTING PROCESS

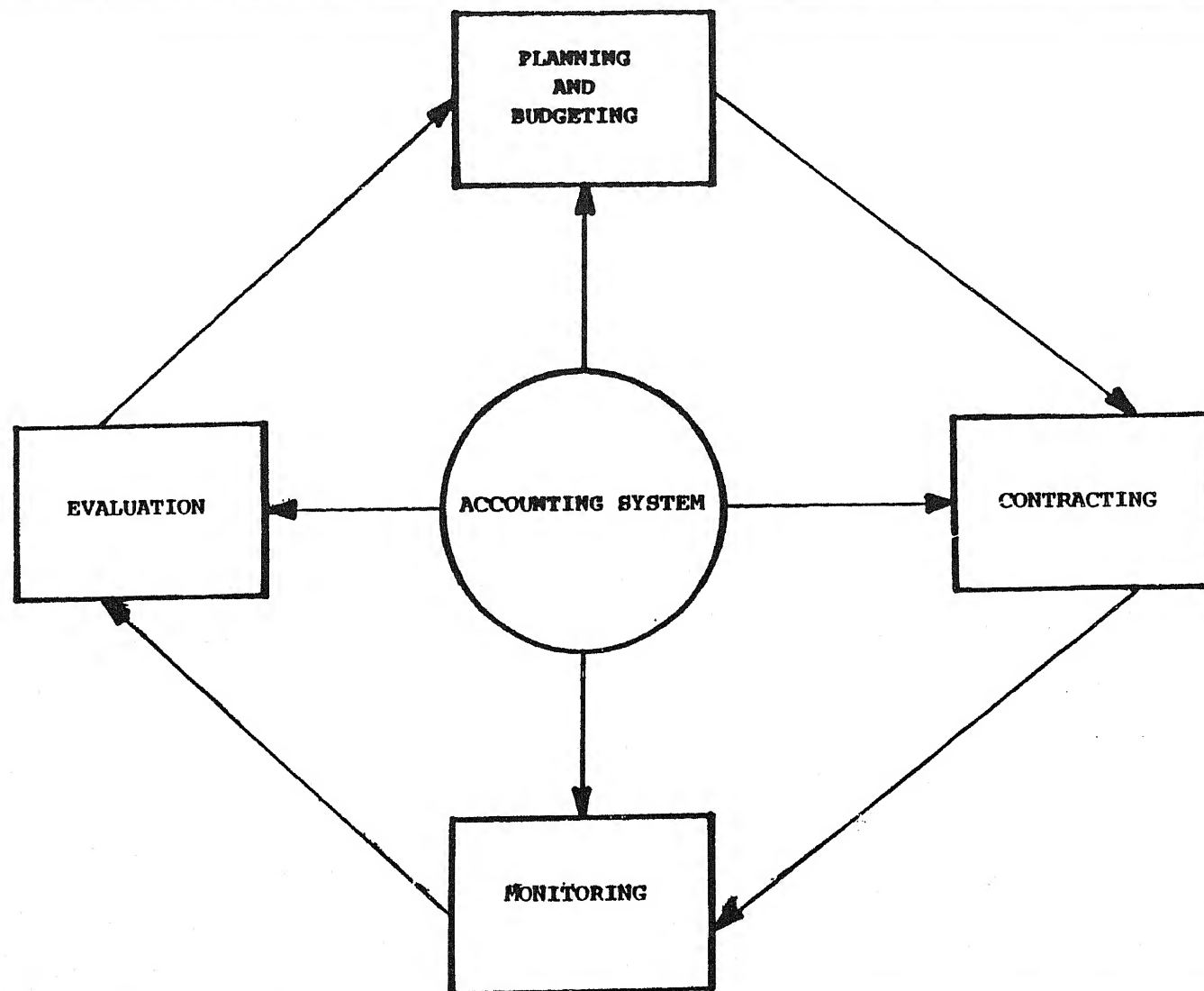
- DEVELOP A PLAN
- OBTAIN NECESSARY APPROVAL
- PREPARE RFP
 - BACKGROUND
 - SCOPE OF WORK
 - EVALUATION CRITERIA
- DISTRIBUTE RFP
- REVIEW PROPOSALS
- NOTIFY BIDDERS
- NEGOTIATE CONTRACT (AoA IM-82-25)

THE CONTRACTING PROCESS



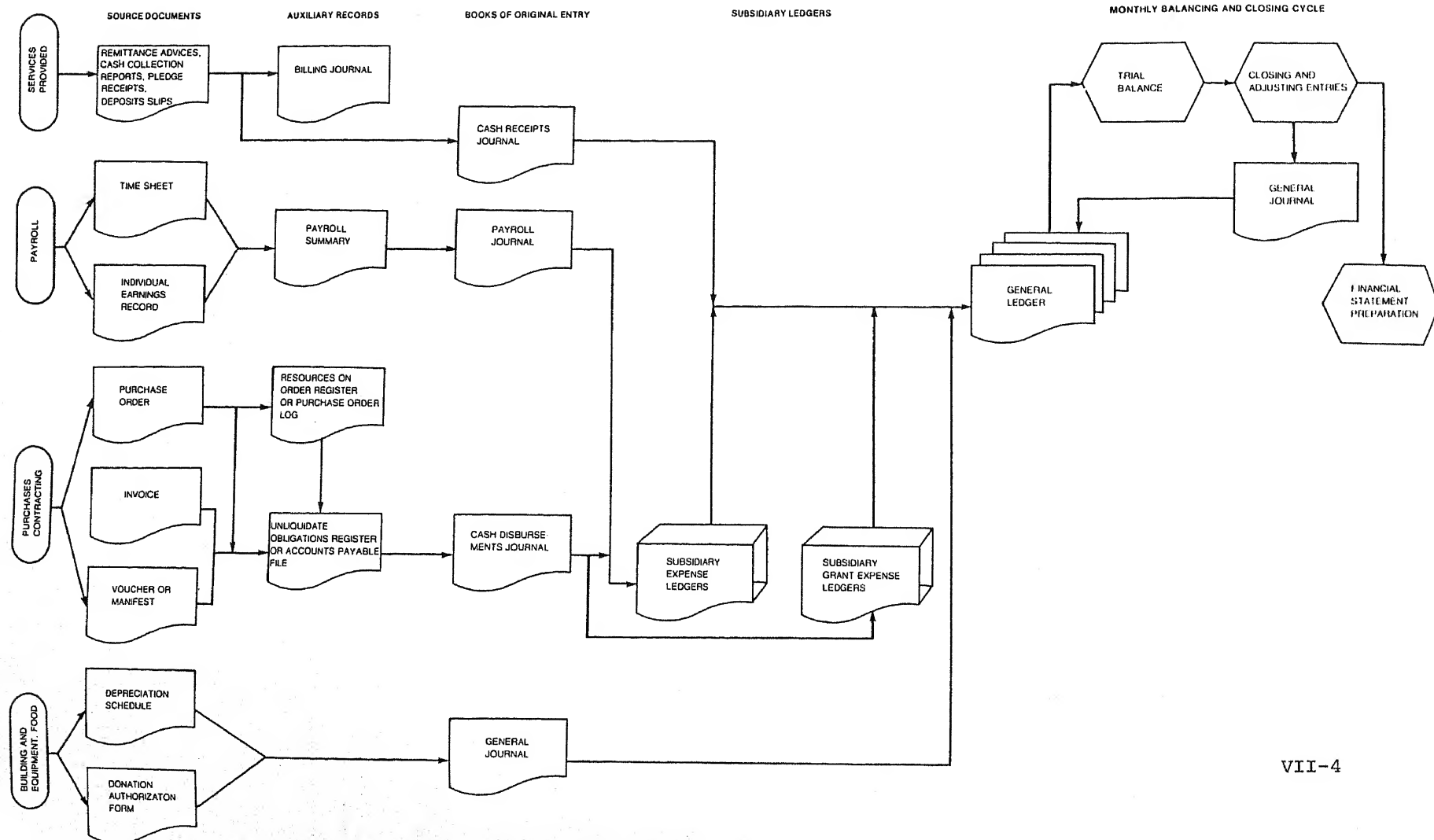
SESSION SEVEN

AN OVERVIEW OF THE ACCOUNTING SYSTEM





DOCUMENT FLOW OF THE MODIFIED ACCRUAL BASIS ACCOUNTING SYSTEM



THE LIFE CYCLE OF AN ACCOUNTING TRANSACTION

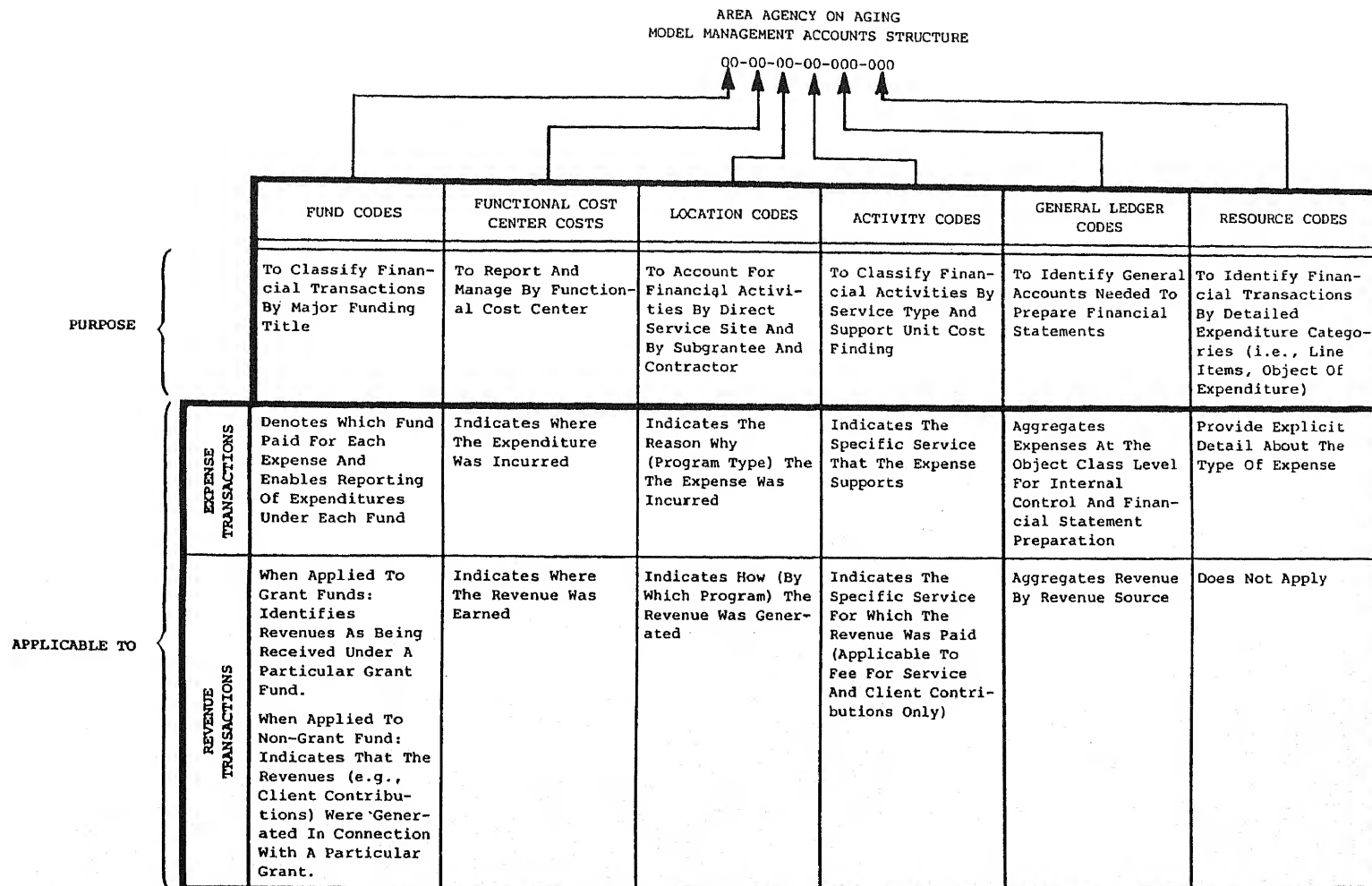
- ANALYSIS--DETERMINING THE EFFECT OF THE TRANSACTION ON THE ACCOUNTS
- CLASSIFICATION--ASSIGNING ACCOUNT CODES
- JOURNALIZING--RECORDING TRANSACTIONS IN THE BOOKS OF ORIGINAL ENTRY
- POSTING--TRANSFERRING THE ENTIRES IN THE JOURNALS TO THE GENERAL LEDGER ACCOUNTS
- TAKING A TRIAL BALANCE--PREPARING THE WORK SHEET AND SUMMARIZING THE THE LEDGER ACCOUNTS AS TO DEBIT AND CREDIT BALANCES ON THE WORK SHEET
- DETERMINING ADJUSTMENTS--CALCULATING ADJUSTMENTS TO BRING ACCOUNTS UP-TO-DATE
- PREPARING THE ADJUSTED TRIAL BALANCE
- PREPARING THE ACCOUNTING STATEMENTS--PREPARING THE BALANCE SHEET AND INCOME STATEMENT FROM THE WORK SHEET AND OTHER STATEMENTS AND REPORTS FROM THE SUBSIDIARY LEDGERS AND RECORDS
- ADJUSTING AND CLOSING THE BOOKS--RECORDING THE ADJUSTING AND CLOSING ENTRIES IN THE GENERAL JOURNAL; POSTING THEM TO THE LEDGER; CLOSING, RULING, AND BALANCING THE ACCOUNTS
- TAKING A POST-CLOSING TRIAL BALANCE--PROVIDING THE EQUALITY OF DEBITS AND CREDITS AFTER CLOSING THE BOOKS
- REVERSING ENTRIES--REVERSING THE ADJUSTING ENTRIES THAT RESULTED IN ESTABLISHING TEMPORARY ACCOUNTS FOR THE ADJUSTMENT PROCESS

PURPOSE OF THE CHART OF ACCOUNTS

- PROVIDES FOR THE RECORDING OF ALL FINANCIAL TRANSACTIONS IN AN ORGANIZED, METHODOLOGICAL MANNER
- PROVIDES FOR UPWARD SUMMARIZATION OF DATA WITH A MINIMUM OF EFFORT
- FORMS THE BASIS FOR INTEGRATION OF PLANNING, BUDGETING, ACCOUNTING, AND EVALUATION
- PROVIDES THE FRAMEWORK FOR MONITORING PLANNED VERSUS ACTUAL
- PROVIDES THE NECESSARY INFORMATION FOR THE ACCUMULATION AND REPORTING OF FINANCIAL DATA TO EXTERNAL AUTHORITIES.

- FUND CODE--USED TO DESCRIBE FINANCIAL TRANSACTIONS BY MAJOR GRANT OR CONTRACT. THE FUND CODE PROVIDES FISCAL CONTROL OVER EACH GRANT OR CONTRACT AND FACILITATES REPORTING TO FUNDING AUTHORITIES. SUBSIDIARY GRANT LEDGERS WHICH ROLL UP TO THE MAJOR FUND CODES MUST BE MAINTAINED.
- FUNCTIONAL COST CENTER CODE--USED TO DESCRIBE EXPENDITURES BY FUNCTION, THAT IS BY ADMINISTRATIVE OR PROGRAM EXPENDITURE CATEGORY.
- LOCATION CODE--PERMITS THE CLASSIFICATION OF REVENUE AND EXPENDITURE TRANSACTIONS BY SITE OR SUBGRANT OR CONTRACT.
- ACTIVITY CODES--USED TO ASSOCIATE COSTS WITH PARTICULAR PROGRAM ACTIVITIES. AAAs THAT ALSO PROVIDE DIRECT SERVICES MAY HAVE ADDITIONAL INTERNAL MANAGEMENT DATA REQUIREMENTS AT A LOWER LEVEL THAN THE OTHER ACCOUNT CODES ALLOW FOR. BY USING ACTIVITY CODES, COSTS MAY BE ASSOCIATED WITH DISCRETE ACTIVITIES (E.G., ADVOCACY, COUNSELING, HOUSEKEEPING), ALLOWING THE ACCOUNTING SYSTEM TO PROVIDE INFORMATION ABOUT PROGRAM PERFORMANCE AND PROVIDING THE DATA NEEDED TO DEVELOP UNIT COSTS.
- GENERAL LEDGER--USED TO CLASSIFY TRANSACTIONS BY BALANCE SHEET OR REVENUE AND EXPENSE STATEMENT ACCOUNTS. THIS CODE ALSO IS USED IN PREPARING LINE-ITEM EXPENDITURE REPORTS (E.G., PERSONNEL COSTS, OCCUPANCY COSTS).
- RESOURCE CODES--THIS CODE IS USED TO CLASSIFY SPECIFIC CATEGORIES OF EXPENSE ELEMENTS (E.G., DIRECTOR, CHORE SERVICE WORKER, DRIVER, UTILITIES-ELECTRIC, UTILITIES-TELEPHONE).

FORMAT OF THE MANAGEMENT ACCOUNT STRUCTURE CODE



SUGGESTED FUND CODES

00	AAA Administration (Title III)*
01	Supportive Services (Title III B)
02	Congregate Meals (Title III C-1)
03	Home Delivered Meals (Title III C-2)
04	Training, Research, and Discretionary Projects and Programs (Title IV)
05	Community Service Employment For Older Americans (Title V)
06	Grants For Indian Tribes (Title VI)--Supportive Services
07	Grants For Indian Tribes (Title VI)--Congregate Meals
08	Grants For Indian Tribes (Title VI)--Home Delivered Meals
09	General Fund
10	Other Fund Sources: (Assign As Needed)

•

•

•

99

* Statewide, expenses charged against this fund maynot exceed 8.5% of the total expenditures in funds 01, 02, 03 combined.

RECOMMENDED FUNCTIONAL COST CENTER
CODES BY FUNDING TITLE

		FUND AND FCC CODE COMBINATION																			
FUNCTIONAL COST CENTER	FCC CODE	FCC	FUND	00	III	01	III B	02	III C-1	03	III C-2	04	IV	05	V	06	VI*	07	VI**	08	VI**
Plan Development And Administration	01			00-01																	
Contractor And Subgrantee Management	02			00-02																	
Access Services	03																06-03				
In Home Services	04					01-04											06-04				
Community Services--Other	05					01-05											06-05				
Community Services--Legal	06					01-06											06-06				
Services In Care Facilities	07					01-07											06-07				
Senior Center Facilities	08					01-08											06-08				
Nursing Home Ombudsman	09					01-09											06-09				
Program Management	10					01-10		02-10		03-10				05-10		06-10		07-10		08-10	
Meals	11							02-11		03-11								07-11		08-11	
Transportation Of Food	12							02-12		03-12								07-12		08-12	
Outreach/Nutrition Education	13							02-13		03-13								07-13		08-13	
Training And Recruiting Personnel	14											04-14									
Multidisciplinary Centers Of Gerontology	15											04-15									
Research And Development	16											04-16									
Demonstration Projects	17											04-17									
Special Projects In Long Term Care	18											04-18									
Special Projects In Legal Services	19											04-19									
National Impact Activities	20											04-20									
Utility And Home Heating Demonstration Projects	21											04-21									
Enrollee Wages And Fringes	22													05-22							
Other Enrollee Costs	23													05-23							

* Supportive Services
** Congregate Meals
*** Home Delivered Meals

SUGGESTED SERVICE AND
ADMINISTRATIVE ACTIVITY
NAMES AND CODES FOR
TITLES III AND VI*

SERVICE AND ADMINISTRATIVE ACTIVITY CODES

SERVICE ACTIVITY

- | | |
|-------------------------------------|---|
| 01. Advocacy | 41. In-Service Training |
| 02. Assessment | 42. Training Received Outside The Program |
| 03. Chore Service | 43. External Meetings |
| 04. Counseling | 44. Staff Administration Meetings |
| 05. Diagnosis | 45. Board And Advisory Committee Meetings |
| 06. Discount | 46. Community Development Meetings |
| 07. Escort Service | 47. Media Meetings |
| 08. Evaluation | 48. Public Speaking Meetings |
| 09. Guardianship/Conservatorship | 49. Seminars And Workshops |
| 10. Homemaking | 50. Information Services Meetings |
| 11. Housekeeping | 51. Other Administrative Functions |
| 12. Income Support/Material Aid | 52. Program Planning And Evaluation |
| 13. Information | 53. Fundraising |
| 14. Instruction/Training | 54. Fiscal Activities |
| 15. Interpreting/Translating | 55. Staff Supervision |
| 16. Letter Writing/Reading | |
| 17. Meals | |
| 18. Ombudsman | |
| 19. Outreach | |
| 20. Personal Care | |
| 21. Physical Fitness | |
| 22. Placement | |
| 23. Recreation | |
| 24. Referral | |
| 25. Repairs/Maintenance/Renovations | |
| 26. Shopping | |
| 27. Supervision | |
| 28. Telephoning | |
| 29. Transportation | |
| 30. Treatment | |
| 31. Visiting | |

ADMINISTRATIVE ACTIVITY

- | |
|----------------------------------|
| 32. Compensation Time |
| 33. Down Time |
| 34. Holiday |
| 35. Annual Leave |
| 36. Sick Leave |
| 37. Other Leave |
| 38. Administrative Travel |
| 39. Administrative Recordkeeping |
| 40. Personnel Administration |

*See appendix A for definitions of these services and administrative activities.

SAMPLE LISTING OF GENERAL LEDGER CODES

100 ASSETS

101 Cash In Bank
105 Cash In Bank--payroll
106 Change Fund
110 Petty Cash
120 Cash On Hand
141 Accounts Receivable--Supportive Services (Title III B)
142 Accounts Receivable--Congregate Meals (Title III C-1)
143 Accounts Receivable--Home Delivered Meals (Title III C-2)
144 Accounts Receivable--Title XX
145 Accounts Receivable--USDA Cash
146 Accounts Receivable--USDA Commodities
147 Accounts Receivable--State Match
148 Accounts Receivable--Local Match
150 Accounts Receivable--Other
160 Inventory
161 Consumable Supplies Inventory
181 Land
182 Building And Building Improvements
183 Leasehold Improvements
184 Office Furniture
185 Kitchen Equipment
186 Motor Vehicles
187 Other Equipment
188 Accumulated Depreciation (On Nonfederal Grant Assets)
189 Accumulated Use Allowance
190 Prepaid Expenses

200 LIABILITIES

201 Accounts Payable
202 Accrued Liabilities
203 Unearned Grant Revenues
210 Payroll Taxes Payable
211 Federal Withholding Taxes Payable
212 FICA Withholding Taxes Payable
213 State Withholding Taxes Payable
215 Employer Taxes Payable
216 Other Withholdings Payable
220 Notes Payable--Short Term
221 Notes Payable--Long Term
225 Mortgages Payable

300 PROGRAM EQUITY/FUND BALANCES

301 Fixed Assets Valuation Reserves
320 Restricted Program Equity/Fund Balances
330 Unrestricted Program Equity/Fund Balances

400 REVENUES

401 Federal Grant--Supportive Services (Title III B)
402 Federal Grant--Congregate Meals (Title III C-1)
403 Federal Grant--Home Delivered Meals (Title III C-2)
404 Training, Research, And Discretionary Projects And Programs (Title IV)
406 Community Service Employment For Older Americans (Title V)
407 Grants For Indian Tribes (Title VI)
408 Local Matching Funds
409 State Matching Funds
410 Fees For Services--Title XX
411 Reimbursements--USDA Cash
412 Reimbursements--USDA Commodities
420 Client Contributions
422 Contributions From Employees and Guests
430 Other Revenues
431 Donations
432 In-kind Contributions
435 Gain (Loss) On Sale Or Disposal Of Assets
440

500 COST OF GOODS CONSUMED

501 Cost Of Food Consumed
502 Cost Of Consumable Supplies Used

600 EXPENDITURES (EXCLUDING CAPITAL EXPENDITURES)

600 Personnel
620 Employee Benefits And Related Expenses
630 Printing And Supplies
640 Food Purchases
650 Occupancy Costs
660 Travel
670 Depreciation/Use Allowance And Amortization
680 Other Expenditures
690 Contracts And Subgrants

700 CAPITAL EXPENDITURES (GRANT FUNDS ONLY)

800 MEMORANDUM ACCOUNTS

801 Resources On Order
802 Unliquidated Obligations

SAMPLE LISTING OF RESOURCE CODES

600 PERSONNEL

601 Director
 602 Deputy Director
 603 Planner
 604 Program Coordinators/Managers
 605 Grant/Contract Monitors
 606 Accountants/Bookkeeper
 607 Outreach Workers
 608 Drivers
 609 Direct Service Workers
 610 Education And Training Specialist

620 EMPLOYEE BENEFITS AND RELATED EXPENSES

621 Health Insurance
 622 Life Insurance
 623 Disability Insurance
 624 Accident Insurance
 625 Retirement Insurance
 626 Workman's Compensation
 627 Payroll Taxes
 628 Unemployment Taxes
 629 Federal Unemployment Taxes

630 PRINTING AND SUPPLIES

633 Cleaning Supplies
 634 Educational Materials
 635 Printing And Reproduction
 636 Office Supplies
 637 Other Supplies

640 FOOD PURCHASES

641 Raw Food
 642 USDA Commodities
 643 Caterer Meal Costs
 647 Freight
 648 Storage (used when paid to an outside agency)

650 OCCUPANCY COSTS

651 Rent
 652 Gas
 653 Electric
 654 Janitorial Service
 655 Building Maintenance/Repairs
 656 Security Costs
 657 Water
 658 Telephone
 659 Building Insurance

660 TRAVEL

661 Auto Expenses
 662 Gasoline And Oil
 662 Parking
 663 Repairs And Maintenance
 664 Transportation - Local
 665 Transportation - Out-Of-Town
 666 Conferences, Meetings, And Conventions

670 DEPRECIATION/USE ALLOWANCE AND AMORTIZATION

671 Auto Depreciation/Use Allowance
 672 Building Depreciation/Use Allowance
 673 Building Improvement Depreciation/Use Allowance
 674 Leasehold Improvement Amortization
 675 Kitchen Equipment Depreciation/Use Allowance
 676 Office Furniture Depreciation/Use Allowance

680 OTHER EXPENDITURES

681 Postage And Shipping
 682 Advertising And Promotion
 683 Insurance And Bonds
 684 Interest
 685 Laundry
 686 Taxes
 687 Legal And Accounting Fees
 688 Data Processing
 689 Other

690 CONTRACTS AND SUBGRANTS

700 CAPITAL EXPENDITURES (GRANT FUNDS ONLY)

701 Autos
 702 Office Equipment
 703 Kitchen Equipment
 704 Building
 705 Land
 706 Building Improvements
 707 Leasehold Improvements
 708 Other

EXAMPLES OF MAS CODE CLASSIFICATION

FINANCIAL TRANSACTION	FUND CODE XX	FUNCTIONAL COST CENTER CODE XX	LOCATION CODE XX	ACTIVITY CODE XX	GENERAL LEDGER CODE XXX	RESOURCE CODE XXX
<ul style="list-style-type: none"> The AAA Receives Contribution From Client Who Received In-Home Chore Services Provided Under Title III B Home Chore Service Workers' Salaries Are Paid For With Title III B Supportive Service Funds. Food Supplies Are Purchased With Congregate Meal Funds. An Automobile To Deliver Meals Is Repaired. The AAA Approved A Nutrition Provider Invoice Under Title III B For The Past Month, Both Home Delivered And Congregate Meals Were Provided* 	<ul style="list-style-type: none"> 01 Title III B Supportive Services 01 Title III B Supportive Service 02 Title III C-1 Congregate Meals 03 Title III C-2 Home Delivered Meals 02 Title III C-1 Congregate Meals* 03 Title III C-2 Home Delivered Meals* 	<ul style="list-style-type: none"> 04 In-Home Service 04 In-Home Services 11 Meals 12 Transportation Of Food 11 Meals 	<ul style="list-style-type: none"> 02 AAA Direct Site 02 02 AAA Direct Site 02 01 AAA Direct Nutrition Site 01 01 AAA Direct Nutrition Site 01 10 Contractor X42 	<ul style="list-style-type: none"> 03 Chore Service 03 Chore Service 17 Meals 17 Meals 17 Meals 	<ul style="list-style-type: none"> 420 Client Contributions 600 Personnel 640 Food Purchases 660 Travel 690 Contracts And Subgrants** 	<ul style="list-style-type: none"> N/A 609 Direct Service Workers 641 Raw Food 663 Repair And Maintenance N/A

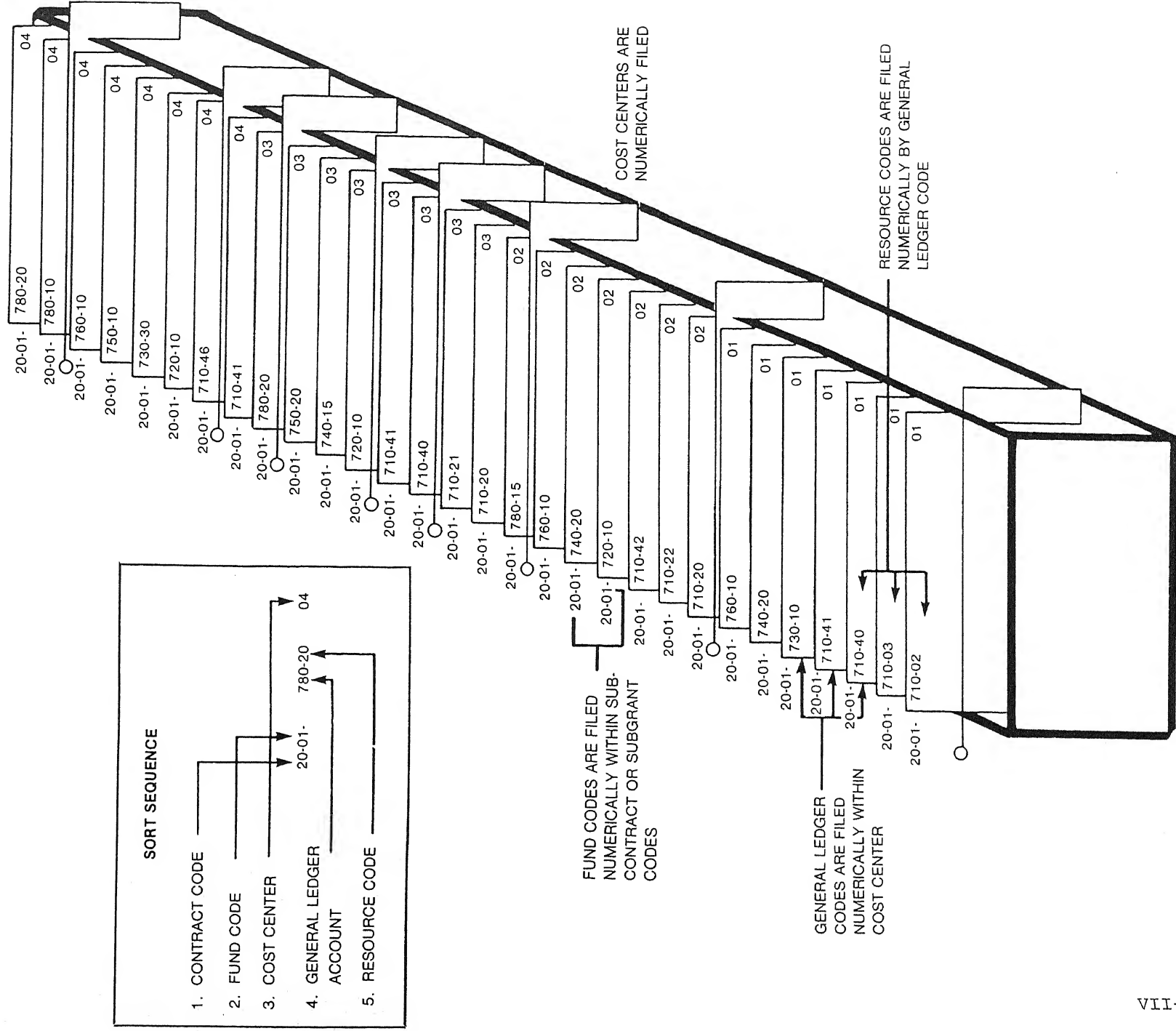
* Split entry

** Alternatively, contractor and subgrantee invoices can be charged under general ledger code 600-689 and broken down by the resource codes therein.

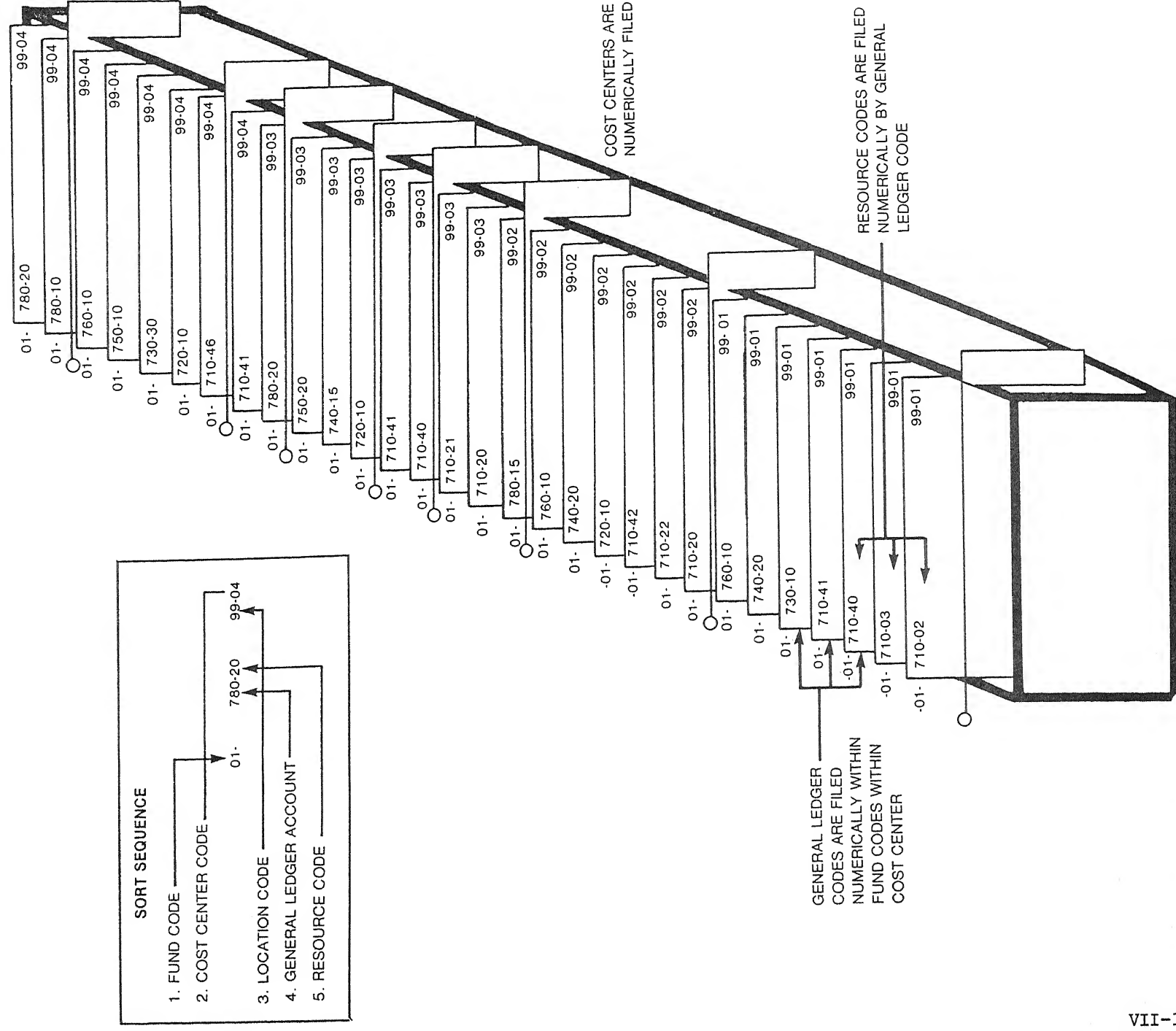
CASH DISBURSEMENTS JOURNAL

CASH DISBURSEMENTS JOURNAL															
DATE	NAME OF PAYEE	CHECK NUMBER	CREDIT CASH IN BANK # 101	DEBIT PERSONNEL # 600	CREDIT FED W/H # 211	CREDIT FICA #212	CREDIT STATE W/H # 213	DEBIT EMPLOYEE BENEFITS # 620	DEBIT PRINTING AND SUPPLIES # 630	DEBIT FOOD PURCHASES # 640	DEBIT OCCUPANCY COSTS # 650	DEBIT TRAVEL # 660	DEBIT OTHER EXPENDITURES # 680	DEBIT CONTRACTS AND SUBGRANTS #690	DEBIT CAPITAL EXPENDITURES # 700
1/5	XYZ OFFICE SUPPLY COMPANY	101	\$ 25.00						\$ 25.00						
1/8	ACME MEAT MARKET		50.00												

ORGANIZATION OF SUBSIDIARY SUBCONTRACTOR EXPENSE LEDGER



ORGANIZATION OF SUBSIDIARY EXPENSE LEDGER



SUBGRANT AND CONTRACT SUBSIDIARY
EXPENSE LEDGER CARD

[illegible]

[illegible]

CASH FLOW STATEMENT

CASH FLOW STATEMENT		PLANNING PERIOD: _____			
CONSOLIDATED AAA LEVEL		QUARTER			
		1	2	3	4
<u>GENERAL LEDGER CODE</u>	Beginning Balance				
<u>REVENUES</u>					
401	Federal Grant--Supportive Services (Title III B)				
402	Federal Grant--Congregate Meals (Title III C-1)				
403	Federal Grant--Home Delivered Meals (Title III C-2)				
404	Training, Research And Discretionary Projects And Programs (Title IV)				
406	Community Service Employment For Older Americans (Title V)				
408	Local Matching Funds				
409	State Matching Funds				
410	Fees For Services--Title XX				
420	Client Contributions				
422	Contributions From Employees And Guests				
430	Other Revenues				
433	Donations				
435	In Kind Contributions				
440	Gain (Loss) On Sale Or Disposal Of Assets				
	Subtotal				
<u>EXPENDITURES</u>					
600	Personnel				
620	Employee Benefits And Related Expenses				
630	Printing And Supplies				
640	Food Purchases				
650	Occupancy Costs				
660	Travel				
670	Depreciation/Use Allowance And Amortization				
680	Other Expenditures				
690	Contracts And Subgrants				
700	Capital Expenditures (Grant Funds Only)				
	Subtotal				
	Ending Balance				

SAMPLE REVENUE VARIANCE REPORT

REVENUE VARIANCE REPORT				
DATE: _____, 19____ to _____, 19____				
<input type="checkbox"/> Consolidated AA Level: _____ <input type="checkbox"/> AAA Administrative And Direct Service Locations: _____ <input type="checkbox"/> Funding Title Level: _____ <input type="checkbox"/> Functional Cost Center Level: _____ <input type="checkbox"/> Location Level: _____				
GENERAL LEDGER CODE	REVENUE SOURCE	ACTUAL REVENUES	BUDGETED REVENUES	VARIANCE \$ \$ %
401	Federal Grant--Supportive Services (Title III B)			
402	Federal Grant--Congregate Meals (Title III C-1)			
403	Federal Grant--Home Delivered Meals (Title III C-2)			
404	Training, Research And Discretionary Projects And Programs (Title IV)			
406	Community Service Employment For Older Americans (Title V)			
408	Local Matching Funds			
409	State Matching Funds			
410	Fees For Services--Title XX			
420	Client Contributions			
422	Contributions From Employees And Guests			
430	Other Revenues			
433	Donations			
435	In Kind Contributions			
440	Gain (Loss) On Sale Or Disposal Of Assets			
TOTAL:				

** A FAVORABLE REVENUE VARIANCE EXISTS BECAUSE MORE HAS BEEN EARNED THAN WAS BUDGETED. THIS REPORT MUST BE PREPARED ON THE ACCRUAL BASIS TO PROVIDE USEFUL AND VALID INFORMATION. **

SAMPLE EXPENSE VARIANCE REPORT

EXPENSE VARIANCE REPORT						DATE: _____, 19__ to _____, 19__	
<input type="checkbox"/> Service Activity: _____ <input type="checkbox"/> Consolidated Provider Level: _____ <input type="checkbox"/> Provider Administrative And Direct Service Locations: _____ <input type="checkbox"/> Funding Title Level: _____ <input type="checkbox"/> Functional Cost Center Level: _____ <input type="checkbox"/> Location Level: _____							
GENERAL LEDGER CODE	EXPENDITURE CATEGORY	CASH EXPENSES (1)	ADJUSTMENTS (2)	ACCRUED EXPENSES (3)	BUDGETED EXPENSES (4)	VARIANCE	
						\$\$	%%
600	Personnel						
620	Employee Benefits And Related Expenses						
630	Printing And Supplies						
640	Food Purchases						
650	Occupancy Costs						
660	Travel						
670	Depreciation/Use Allowance And Amortization						
680	Other Expenditures						
690	Subcontracts And Subgrants						
700	Capital Expenditures (Grant Funds Only)						
TOTAL:							

** A FAVORABLE EXPENSE VARIANCE EXISTS BECAUSE LESS HAS BEEN SPENT THAN WAS BUDGETED. THIS REPORT MUST BE PREPARED ON THE ACCRUAL BASIS TO PROVIDE USEFUL AND VALID INFORMATION **

SUBGRANT AND CONTRACT BALANCE REPORT

[illegible]

RESTRICTED GRANT FUND BALANCE ACCOUNT CARD

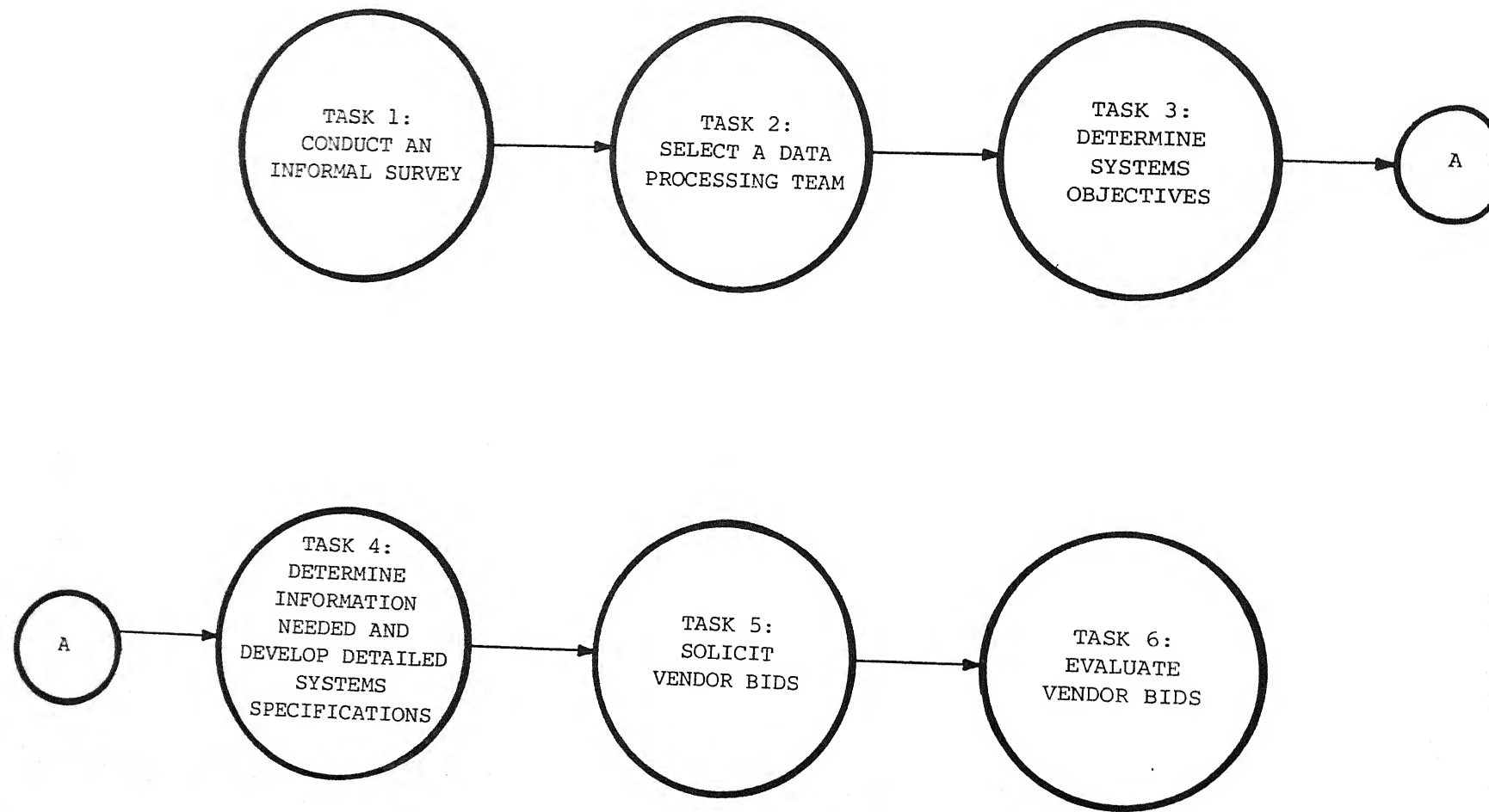
RESTRICTED GRANT FUND BALANCE ACCOUNT CARD						
FUNDING TITLE:						
DATA SOURCE	EXPLANATION	DEBIT EXPENDITURES	CREDIT REVENUES	FUND BALANCE (DEFICIT)	UNLIQUIDATED OBLIGATIONS	UNOBLIGATED FUND BALANCE (DEFICIT)
	Beginning Fund Balance (January 1, 1981)			\$10,000	\$ 8,000	\$ 2,000
Cash Receipts Journal	Cash Received		\$15,000			
Worksheet Entry	Accounts Receivable		10,000			
Cash Disburse- ments Journal	Cash Disbursements expenses and grant purchased fixed assets)	\$18,000				

	Change In Fund Balance	25,000	25,000			
Worksheet Entry	Unliquidated Obligations (expenses and grant purchased fixed assets)				7,000	
FUND BALANCE - ENDING (MARCH 31, 1981)				\$10,000	\$ 7,000	\$ 3,000

SESSION EIGHT

AUTOMATION

THE SYSTEMS DEVELOPMENT PROCESS
TASK SEQUENCE



EXAMPLES OF MIS MODULE DEFINITIONS

THE PLANNING AND BUDGETING MODULE

The planning and budgeting module provides forms for and describes how a program can:

- Identify appropriate goals and objectives and formulate a program plan.
- Use the program plan and historical data from the other MIS modules to develop a quarterly or monthly revenue/expense budget.
- Use this budget to meet external reporting requirements.
- Use the budget throughout the year to monitor the financial status of the AAA.
- Identify unit costs for each type of service provided by the program.

The module stresses that detailed planning and budgeting be done once a year but that the plan and the budget themselves become important tools for program management throughout the year.

THE FINANCIAL MANAGEMENT AND ACCOUNTING MODULE

As the funds available for AAAs becomes more limited, a premium will be placed on programs that can demonstrate tight internal control and efficiency with monies. The financial management and accounting module is comprised of four functions:

- Accounts receivable management
- Billing
- Payroll
- Voucher processing (i.e., paying bills)

These four functions are carried out in a way that facilitates cost accounting or cost allocation and allows management to identify costs and revenues according to the type of activity with which they are associated.

THE SERVICE ACTIVITY MODULE

The service activity module is comprised primarily of a set of input forms in the service activity records. These forms relate to the service activity management module.

- Service activity planning
- Service activity delivery and evaluation

This is a critical module in the MIS, because the information collected throughout the service activity cycle is used throughout the MIS for such purposes as staffing, billing, reporting, planning and budgeting, and evaluation.

THE REPORT AND EVALUATION MODULE

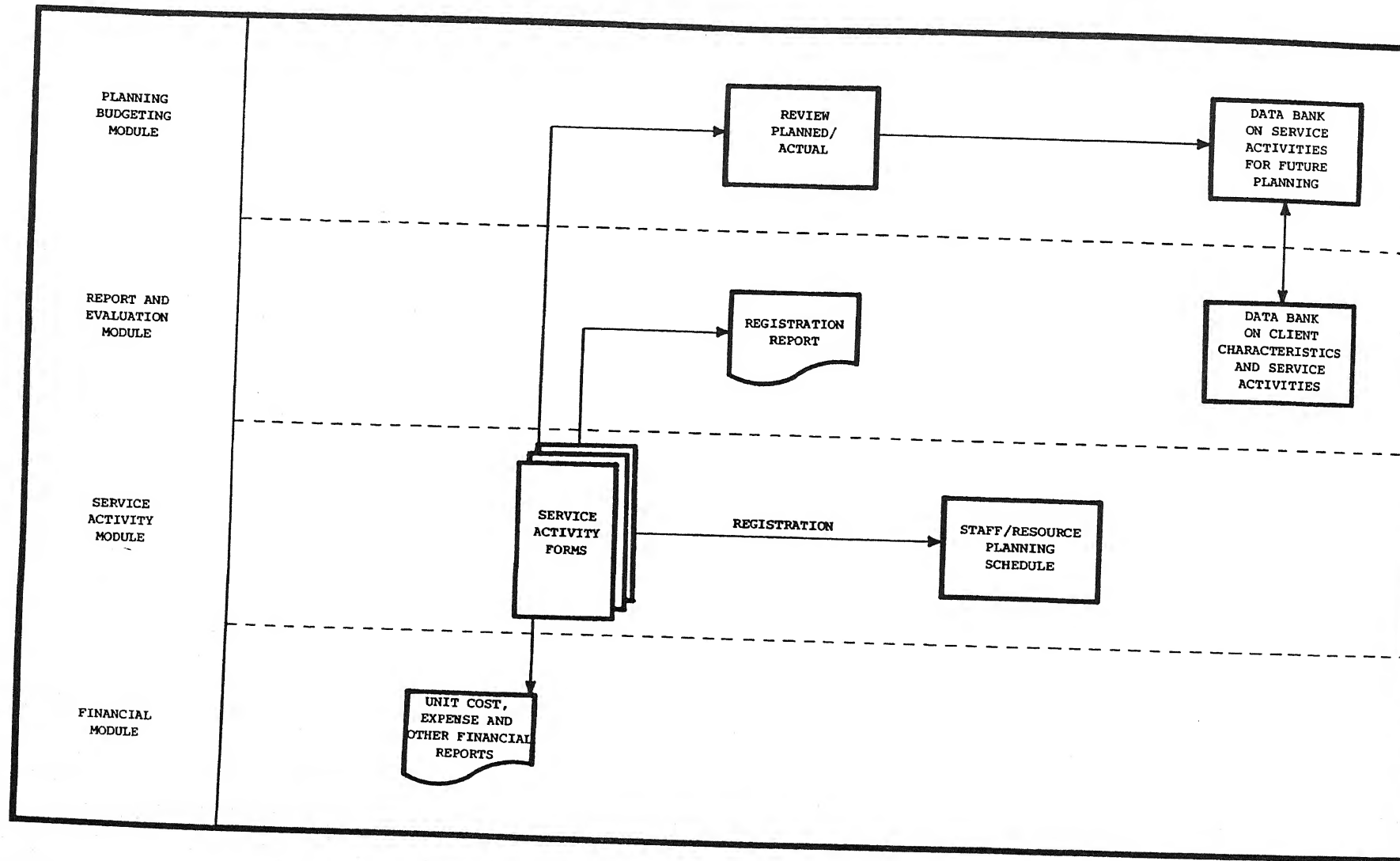
The evaluation/monitoring module does not involve the collection of any additional data but, rather, tabulation and analysis of data collected by the other three modules. Three types of analysis are performed by this module:

- Evaluation of individual service activity
- Financial analysis, e.g., comparison of actual to planned expenditures and ratio analysis
- Program analysis of two types:
 - Assessment of the success in meeting program goals and objectives
 - Review of routine program indicators, such as number of clients served, level of contribution/client/service activity, and percentage of clients served to total target population

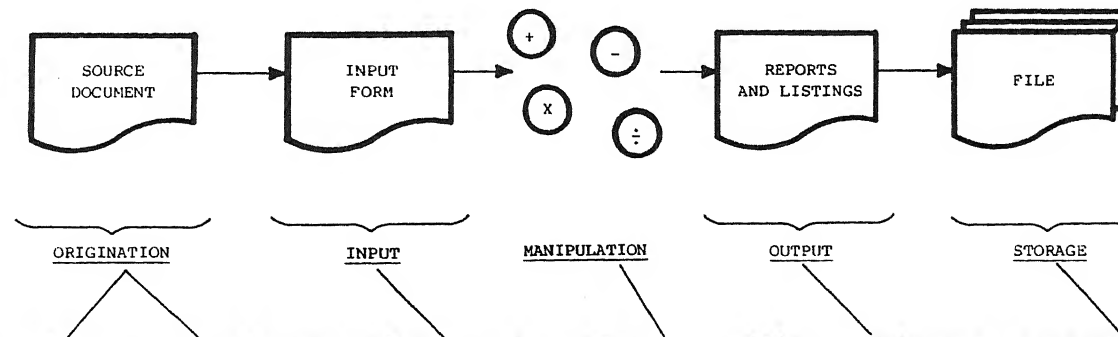
The evaluation/monitoring module discusses how information collected by the other modules can be summarized, tabulated, and displayed to be of most valuable assistance in the decision-making processes.

Exhibit XXIII-5 shows the relationships among the four MIS modules outlined above.

RELATIONSHIPS AMONG THE FOUR MIS MODULES:
EXAMPLE



SYSTEM SPECIFICATION WORK SHEET:
ACCOUNTING MODULE



ACTIVITY	ORIGIN OF FORM	SOURCE DOCUMENT	INPUT REQUIREMENTS	PROCESSING FUNCTION	OUTPUT	STORAGE	DIMENSIONS
Requisition	Employee And Purchasing Officer	Purchase Order	<ul style="list-style-type: none"> • Vendor Number • Purchase Order Number • Quantity • Terms • Authorized Amount • Document Number • Funds • Location • Cost Center • General Ledger • Resource Code 	Maintain By: <ul style="list-style-type: none"> • Vendor • Post To General Ledger • Post To Subsidiary Ledger 	<ul style="list-style-type: none"> • Purchase Order Listing • Open Document Listing • General Ledger And Subsidiary Listing • Edit Listing 	<ul style="list-style-type: none"> • 500 Transactions Outstanding Per Month In Open Document File • 80 Character Records • Annual History File • Vendor File Of Up To 500 	<ul style="list-style-type: none"> • 6,000 Transactions Per Year
Vendor Billing	Vendor Accounting Department	Invoice	Same As Above Plus: <ul style="list-style-type: none"> • Invoice Number • Terms • Vendor Summary • Active Summary 	Same As Above	<ul style="list-style-type: none"> • Accounts Payable Register • General Ledger And Subsidiary Listing • Edit Listing 	<ul style="list-style-type: none"> • 300 Transactions Outstanding Per Month • Annual History File 	<ul style="list-style-type: none"> • 8,000 Transactions Per Year

PROPOSAL REQUIREMENTS AND TERMS

- A. Scope of Work: A clear delineation of which tasks are to be performed by the vendor and which by the AAA.
- B. Evaluation Criteria: May take one of two forms:
- Formal evaluation criteria (e.g., 30 percent of personnel, 50 percent for cost, 20 percent for technical acceptability)
 - A statement of priorities (e.g., cost is preeminent, modular design is essential)
- C. Timetable of MIS Implementation: Key dates on which decisions are to be made or major activities are to take place.
- D. Inquiries Concerning the RFP: A focal point for questions by vendors.
- E. Bidders' Conference: If there is to be one, the time, date, place, and procedures for notifying the AAA of the intent to attend.
- F. Declaration of Intent to Bid: Date by which declaration is to be made and procedures for doing so.
- G. Closing Date and Submission Conditions for Proposal: Time and place of submission and number of copies.
- h. Proposal Acceptance and Rejection: Conditions under which the proposal may be accepted or rejected.
- I. Technical Proposal Format: A standard format should be used to enhance the comparability of vendor responses.
- J. Cost Proposal Format: A standard format should be used to facilitate effective and accurate cost comparisons. Each vendor should discuss price protection, termination penalties, discounts, and upgrade penalties.

EXHIBIT XXIII-8

SYSTEM VENDOR PROPOSAL
EVALUATION CRITERIA

EVALUATION CRITERIA		RELATIVE VALUE
<u>A. VENDOR QUALIFICATIONS</u>		
1. Provider Experience		5
2. Corporate Depth And Stability		10
3. Follow-Up Support		5
4. Training		10
5. Project Team Organization		5
6. Testing		<u>10</u>
7. Understanding Of Project		45
<u>B. TECHNICAL FACTORS</u>		
1. User Orientation		10
2. Flexible Design/Programming		10
3. Operational Status		5
4. Upward Growth Potential		10
5. Portability		1
6. Responsiveness		10
7. Hardware Performance		10
8. Software		10
9. Operating System		10
10. Software Ownership		5
11. System Security		1
12. Control Of System Changes		10
13. System Documentation		10
14. User Manuals		<u>10</u>
		112

SAMPLE RFP: GENERAL OUTLINE FOR TECHNICAL PROPOSAL*

GENERAL OUTLINE FOR TECHNICAL PROPOSAL

- A. Understanding of the AAA, the proposed system, and the scope of work.
- B. Approach to the Problem:
 - 1. Basic System Management Approaches
 - 2. Hardware and Software Options Available
 - 3. Expansion Capabilities of the Proposed System
 - 4. Task Plan
 - 5. Time Phasing and Staff Loading by Major Task
 - 6. Testing Protocol
 - 7. File Loading and Implementation
 - 8. Training and Education
 - 9. Site Preparation
 - 10. Post-Installation Enhancements
 - 11. Hardware Reliability/Back-Up
 - 12. Hardware and Software Maintenance
- C. Personnel who will be available for this project:
 - Prior relevant experience
 - Academic Credentials
 - Availability
- D. Corporate Experience:
 - Similar Systems Installations
 - References

* Each AAA should elaborate upon this outline to provide vendors with additional guidance. Standard formats for Exhibits (e.g., scheduling, staff-loading) should be provided.

FORMAT FOR THE SYSTEM
VENDOR PROPOSAL COST
ANALYSIS

COST CATEGORY	TIME PERIOD			
	YEAR 1 OPERATION	YEAR 2 OPERATION	YEAR 3 OPERATION	YEAR 4 OPERATION
1. Computer Hardware And Peripherals				
• Initial				
• Upgrade				
2. Data Entry Terminals				
• CRTs				
• Teleprinters				
3. Telecommunications				
4. Hardware Installation				
5. Computer Operating System Acquisition And License				
6. Application Software Acquisition And License				
7. Application Software Customization				
8. Software Installation				
• Documentation				
• Training				
• Conversion				
• Testing				
9. Ongoing Maintenance				
• Vendor Hardware				
• Operating System Software				
• Application Software				
10. Consumable Supplies				
11. Service Bureau Processing				
• Fixed				
• Variable				
12. Reimbursable Expenses				
13. Other Costs				
• Special Reports				
TOTAL COSTS				

FOUR YEAR COST: _____

SAMPLE RFP DEFINITIONS FOR
COST ELEMENTS TO BE PRICED

1. Computer hardware and peripheral devices exclusive of terminals (For Vendors Proposing On-Site Equipment)--This category applies to the purchase, rental, or leasing costs for on-site computer hardware and peripheral equipment excluding terminals.
2. One-time hardware installation charges (For On-Site Equipment Only)--This item is for special environmental conditioning and site engineering costs pertaining to the installation of on-site computer equipment.
3. Data entry equipment and terminals--In this category, vendors should include costs associated with the purchase, rental, and leasing of on-site batch or real-time data entry equipment and computer terminals.
4. Telecommunications modems and lines (Where Applicable)--If a separate cost is levied for the use of special communications lines and modems, it should be placed in this category.
5. Application software acquisition and license fees (Where Appropriate)--Where there is a separate cost or fee for the purchase and continued use of vendor supplied software packages, it should be included in this category.
6. Operating system acquisition and license fees (Where Appropriate)--The same comments apply here as for the above cost category.
7. Consumable supplies (e.g., tapes, discs, paper)--This category includes consumable computer supplies and should be estimated based on the vendor's previous experience in other similar projects.
8. Staffing resources required to customize software and to install the proposed system--This category may represent the major expenditure items of the developmental effort. It includes the vendor's charges for consulting, programming, and analysis time required to modify and install the system in accordance with the AAA's specifications.
9. Ongoing maintenance--This item includes hardware, software, and operating system maintenance costs after the system is operational. Also included in this category are staffing costs required to maintain and enhance the system after it has been installed.
10. Service Bureau processing fixed and variable costs--This category is furnished primarily for shared service vendors and other vendors proposing the use of their equipment at off-site local and remote locations.
11. Reimbursable expenses--This item is for travel and other reimbursable costs.
12. Other costs (Vendor Specify)--This category would include special items for training, on-demand reports, and other items which cannot be classified in the above cost categories.

For costs that relate to the entire system, the vendor should attempt to apportion overall costs into those for the basic proposed system and those pertaining to any optional modules being offered by the vendor. This apportionment should be done on the basis of transaction volume, system load factors, number of terminals deployed, or other statistical allocation mechanisms and should be described in footnotes to Exhibit 10.

EIGHT THINGS A COMPUTER WILL NOT DO*

1. A COMPUTER WON'T SAVE YOU MONEY. IF FACT, IT MAY COST YOU A BIT, DUE TO THE OFTEN OVERLOOKED "EXTRAS" SUCH AS MAINTENANCE, SOFTWARE, PERIPHERALS, AND SECURITY. MOREOVER, YOU PROBABLY WON'T ELIMINATE EMPLOYEES. BUT IT WILL PROVIDE YOU WITH NEW WAYS OF DOING THINGS AND WILL EXPAND YOUR CAPABILITIES IN WAYS THAT MAY REALLY PAY OFF IN THE LONG RUN.
2. A COMPUTER WON'T MAKE YOUR ORGANIZATION RUN RIGHT. IF YOU'VE GOT PROBLEMS. A COMPUTER WILL ONLY MAKE THEM WORSE. HOWEVER, A COMPUTER WILL FIND BETTER AND FASTER WAYS OF DOING WHAT YOUR COMPANY DOES RIGHT.
3. A COMPUTER WON'T SOLVE EVERY PROBLEM. A LOT OF IMPORTANT BUSINESS DECISIONS GO BEYOND THE BOTTOM LINE. THE ANSWERS MAY REQUIRE A GOOD DOSE OF SUBJECTIVE EVALUATION, SOMETHING THAT BUSINESS COMPUTERS CAN'T YET DO.
4. A COMPUTER WON'T RUN ITSELF. IT TAKES A DEDICATED GROUP OF INDIVIDUALS TO MAKE EVEN A STATE-OF-THE-ART COMPUTER RUN RIGHT. SELECTING THAT GROUP OF PEOPLE CAN MAKE THE DIFFERENCE BETWEEN SUCCESSFUL AND NOT-SO-SUCCESSFUL COMPUTING.
5. A COMPUTER WON'T ALWAYS BE RIGHT. THE INFORMATION IT PUTS OUT IS ONLY AS GOOD AS THE INFORMATION THAT IS PUT INTO IT.

* Makower, Joel, "Computers: The Executive Generation," UNITED, Vol. 26, No. 5; June 1982 (United Magazine, New York, NY).

EIGHT THINGS A COMPUTER WILL NOT DO (CONTINUED)

6. A COMPUTER WON'T PROTECT ITSELF. THE INFORMATION ABOUT YOUR BUSINESS THAT YOU PUT IN A COMPUTER IS AVAILABLE TO ANYONE WHO KNOWS HOW TO GET IT. COMPUTERS CAN BE MANIPULATED; MAKE SURE YOU OR YOUR MANAGEMENT IS MANAGING YOUR SYSTEM.
7. A COMPUTER WON'T MEET ALL ITS OWN NEEDS. A WELL-OPERATED COMPUTER SYSTEM REQUIRES CONSTANT ATTENTION, FROM THE TEMPERATURE OF ITS ENVIRONMENT TO ITS MAINTENANCE SCHEDULE. A LITTLE PREVENTIVE MAINTENANCE CAN ELIMINATE A LOT OF COSTLY DOWN TIME.
8. A COMPUTER WON'T BECOME OBSOLETE. SURE, THERE WILL BE NEW AND IMPROVED COMPUTING SYSTEMS, WITH FEATURES THAT ARE FASTER AND MORE POWERFUL THAN YOURS. BUT AS LONG AS YOUR SYSTEM COST-EFFECTIVELY PROVIDES THE SERVICES YOUR BUSINESS NEEDS, ITS OBSOLESCENCE IS ONLY A STATE OF MIND.

SESSION NINE

CLIENT CONTRIBUTIONS AND DONATIONS/FUND RAISING

IMPORTANCE OF CLIENT CONTRIBUTIONS AND DONATIONS

- MOST UNTAPPED RESOURCE TO INCREASE REVENUES
- BROADENS REVENUE BASE AND CREATES AN ADDITIONAL SOURCE OF FUNDS OUTSIDE THE GOVERNMENTAL SPHERE--THUS, ENHANCING FINANCIAL STABILITY AND PROGRAM SURVIVAL
- PROMOTES THE CLIENT'S AND THE COMMUNITY'S COMMITMENT TO THE PROGRAM
- INCREASES PROGRAM STAFF SELF-ESTEEM

PARAMETERS FOR COLLECTING CLIENT CONTRIBUTIONS

- CLIENTS MAY BE ASKED TO VOLUNTARILY CONTRIBUTE MONEY; CLIENTS CANNOT BE REQUIRED TO PAY A FEE OR DENIED SERVICES IF THEY ARE UNABLE OR UNWILLING TO PAY
- CLIENT CONTRIBUTIONS MUST BE TREATED AS PROGRAM INCOME AS GENERALLY RETAINED BY THE PROVIDER OF SERVICES
- PROCEDURES MUST BE DEVELOPED TO SAFEGUARD AND ACCOUNT FOR ALL CONTRIBUTIONS AS WELL AS TO ASSURE CLIENT CONFIDENTIALITY

OPTIONS IN CLIENT CONTRIBUTION SYSTEMS

- TYPE OF CONTRIBUTION (FLAT VERSUS SERVICE SPECIFIC)
- BASIS FOR CONTRIBUTION (UNIFORM VERSUS SUGGESTED SLIDING CONTRIBUTION BASED ON ABILITY TO CONTRIBUTE)
- FACTORS CONSIDERED IN DETERMINING A CLIENT'S ABILITY TO CONTRIBUTE (INCOME, FAMILY SIZE, OTHER RESOURCES AND ASSETS)
- STANDARDS FOR SUGGESTING CONTRIBUTION LEVELS (UNIFORM FOR ALL LOCATIONS VERSUS LOCATION SPECIFIC)
- MINIMUM SUGGESTED CONTRIBUTION LEVEL
- STAFFING AND PROCESS TO INFORM CLIENTS
- BILLING PROCEDURES
- METHOD OF PAYMENT
- RECORDKEEPING SYSTEM

MAJOR SOURCES OF DONATIONS

- INDIVIDUALS DIRECTLY OR INDIRECTLY ASSOCIATED WITH THE PROGRAM
(E.G., CLIENTS, BOARD MEMBERS, AND FRIENDS AND FAMILY OF THOSE
ASSOCIATED WITH THE PROGRAM)
- INDIVIDUALS FROM THE GRASS ROOT LEVEL--COMMUNITY
- FOUNDATIONS
- BUSINESSES AND CORPORATIONS
- RELIGIOUS INSTITUTIONS AND AGENCIES
- CHARITABLE ORGANIZATIONS

TYPES OF DONATIONS

- MONEY
- MATERIALS, PRODUCTS, MERCHANDISE, GOODS, ETC. FROM THE DONOR'S BUSINESS
- SERVICES--TIME AND EXPERTISE
- OTHER--SOUP TO NUTS

WHY INDIVIDUALS AND ORGANIZATIONS PROVIDE DONATIONS

- INVOLVEMENT WITH THE CAUSE
- PERSONAL SATISFACTION OF GOOD CITIZENSHIP
- COMMUNITY RECOGNITION AND PUBLIC RELATIONS
- LEADERSHIP OF OTHERS--BUDDY SYSTEM/PEER PRESSURE
- TAX DEDUCTION
- ADVANCE THEIR OWN INTEREST--QUID PRO QUOS

THERE ARE FIVE "RIGHTS" FOR SUCCESSFUL SOLICITATIONS

- THE RIGHT PERSON
- ASKING THE RIGHT PROSPECT*
- FOR THE RIGHT TYPE AND AMOUNT OF THE DONATION
- FOR THE RIGHT REASON
- AT THE RIGHT TIME

* PROSPECTS MUST HAVE THE ABILITY TO GIVE, WILLINGNESS TO GIVE, AND MOTIVATION TO GIVE.

FUND RAISING PROCESS

- PLAN:
 - RESOURCE AND NEEDS ASSESSMENT
 - ACTION STRATEGIES
 - BUDGET
- STAFF WITH PEERS:
 - BOARD MEMBERS
 - AGENCY STAFF
 - VOLUNTEERS
- CULTIVATE:
 - PRESENTATION MEETING
 - INFORMAL GATHERINGS
 - OPEN HOUSE
 - SPECIAL EVENTS
- SOLICIT:
 - SIMPLY AND DIRECTLY
 - VERBALLY OR IN WRITING
 - ASK FOR MORE RATHER THAN LESS, WHEN IN DOUBT
 - STEER AWAY FROM NEGATIVE RESPONSES
- FOLLOW-UP:
 - RECOGNITION FOR DONORS BASED ON MAGNITUDE OF GIFT
 - THANK THOSE WHO DO NOT CONTRIBUTE AND FOLLOW-UP SUBSEQUENTLY

SESSION TEN

IMPLEMENTATION STRATEGY

INITIAL STEPS

- CONDUCT OVERALL ASSESSMENT OF:
 - NEEDS
 - EXISTING PRACTICES/SYSTEM
 - PROBLEMS/GAPS
- DETERMINE:
 - COMMONALITY AND MAGNITUDE OF NEEDS/PROBLEMS
 - ANTICIPATED OUTCOMES AND IMPACT
 - RESOURCE AVAILABILITY
- IDENTIFY APPROPRIATE MODE OF INTERVENTION:
 - SYSTEMS DEVELOPMENT
 - TECHNICAL ASSISTANCE
 - TRAINING
 - A COMBINATION OF THE ABOVE
- DEVELOP OVERALL INTERVENTION STRATEGY PLAN:
 - WHAT--MODE
 - WHO--RESPONSIBILITY
 - HOW--METHOD
 - WHEN--SCHEDULE
 - WHERE--LEVELS, ORGANIZATION

SYSTEMS DESIGN PROCESS

- PHASE ONE--PRELIMINARY DESIGN
 - USER NEEDS
 - CONCEPTUAL DESIGN/SYSTEM SPECIFICATIONS
 - SYSTEM DEVELOPMENT TESTING PLAN
- PHASE TWO--DETAILED DESIGN
 - OUTPUT REPORTS
 - DATA COLLECTION FORMS AND PROCEDURES
 - DATA ANALYSIS PLAN
 - QUALITY CONTROL PROCEDURES
 - SYSTEM DOCUMENTATION
- PHASE THREE--PILOT TEST
 - SELECT SITES
 - TRAIN
 - CONDUCT TEST
 - REVIEW RESULTS
- PHASE FOUR--FINALIZE SYSTEM
 - REVISE SYSTEM
 - USERS MANUAL
 - FULL IMPLEMENTATION PLAN
 - COST

(CONTINUED ON NEXT PAGE)

SYSTEMS DESIGN PROCESS (CONTINUED):

- PHASE FIVE--IMPLEMENT SYSTEM
 - TRAIN
 - IMPLEMENT
 - MONITOR
 - MODIFY, IF NECESSARY

GROUP EXERCISE

PROBLEM/NEED	MODE OF INTERVENTION	IMPLEMENTATION STRATEGY